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Governor's Budget Summary 1990-91



George Deukmejian
George Deukmejian
Governor
State of California

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Governor's Budget Summary 1990-91



Submitted by
George Deukmejian
Governor
State of California
to the
California Legislature
1989-90 Regular Session

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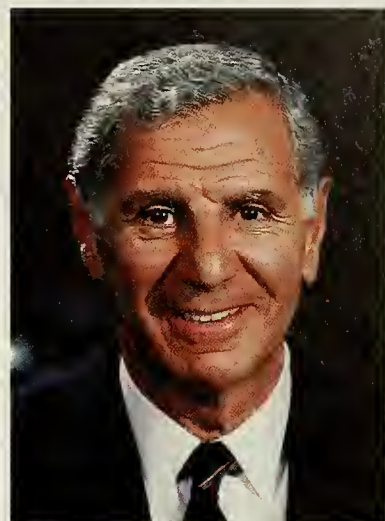


GEORGE DEUKMEJIAN
GOVERNOR

State of California

GOVERNOR'S OFFICE
SACRAMENTO, CA 95814

January 10, 1990



To the Senate and Assembly of the Legislature of California:

In compliance with Article IV, Section 12 of the California Constitution, I am pleased to submit to you the 1990-91 Governor's Budget.

This budget reflects the common sense philosophy that has proved so successful for the economic health of our state. As we enter a new decade, we will use the fiscal experience of the past seven years to guide us. Our budget will be balanced, contain a prudent reserve and no tax increases.

This is the last budget I will submit as Governor. It continues my commitment to K-12 and higher education and includes additional funds to help fight our war against drugs. It also provides necessary funds for the programs which serve the sick, elderly and homeless.

In addition, I am proposing several new initiatives to increase the availability of affordable housing and health insurance, ensure earthquake preparedness and sustain economic development and job creation.

One major improvement that can be made by the voters to this budget is the addition of our landmark transportation plan that will relieve traffic congestion, improve our highways and expand mass transit systems. In June, the voters of our state will be asked to approve the funding mechanism for this \$18.5 billion plan.

While I have increased funding for many important state programs, I have also pointed out that spending on certain other programs has expanded beyond our anticipated income. It is projected that automatic spending increases built into many programs would cause total state spending to significantly outpace growth in revenues.

In response to this situation, this budget contains a number of reasonable legislative changes in some programs so that state government can continue to operate within its resources. Just as cooperation between the Legislature and our Administration has resulted in important accomplishments during the past year, I hope that members of the Senate and Assembly will join with me to implement these needed fiscal reforms.

Over the past seven years, the priorities we have pursued have improved the quality of life for all Californians and ensured the future prosperity of our state. I look forward to working with the members of the Legislature in guaranteeing that California remains the leadership state of the 1990's.

Most cordially,

George Deukmejian

George Deukmejian

STATE OF CALIFORNIA

DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR



January 10, 1990



The Honorable George Deukmejian
Governor, State of California
State Capitol
Sacramento, California 95814

Dear Governor Deukmejian:

It is my pleasure to submit to you the Governor's Budget for 1990-91--the final budget of your Administration.

Seven years ago, the State of California was in fiscal disarray, we had 11 percent unemployment, no overseas trade effort and no tourism promotion. We had no integrated strategy to clean up toxic waste or reduce non-hazardous waste. The workers' compensation program was in need of overhaul as was the income tax system.

Since that time, this Administration has made important gains in priority areas such as education, public safety, drug education programs, solid waste and job development. In addition, overall funding for State health and welfare programs has increased 97 percent from 1982-83. All of this has been accomplished without increasing the tax burden on Californians which now ranks slightly below the national average. Given the balance between government spending and funding essential programs, you have created a California whose economy will continue to outpace the nation to the benefit of all Californians.

The proposed 1990-91 Budget is very different from past budgets, however, because it contains two distinct parts--one for appropriations guaranteed by Proposition 98 and one for all other appropriations. The consequences of that division and its impact are felt throughout the budget, particularly in budget areas accustomed to rapid growth.

This budget was not an easy budget to construct given the budgeting gridlock we had this year. So I want to thank the entire staff of the Department of Finance and their families for their time, expertise, professionalism, and most of all their dedication to the prudent administration of California's fiscal affairs. My job would be much more difficult without the professional commitment of this outstanding group of people.

Governor, I also want to publicly thank you for giving me the opportunity to serve as your Director of Finance for this Administration. Your leadership has been exemplary and I believe California's citizens are confident that California is a better state today than it was when you assumed office. Good health to you and your family in the future.

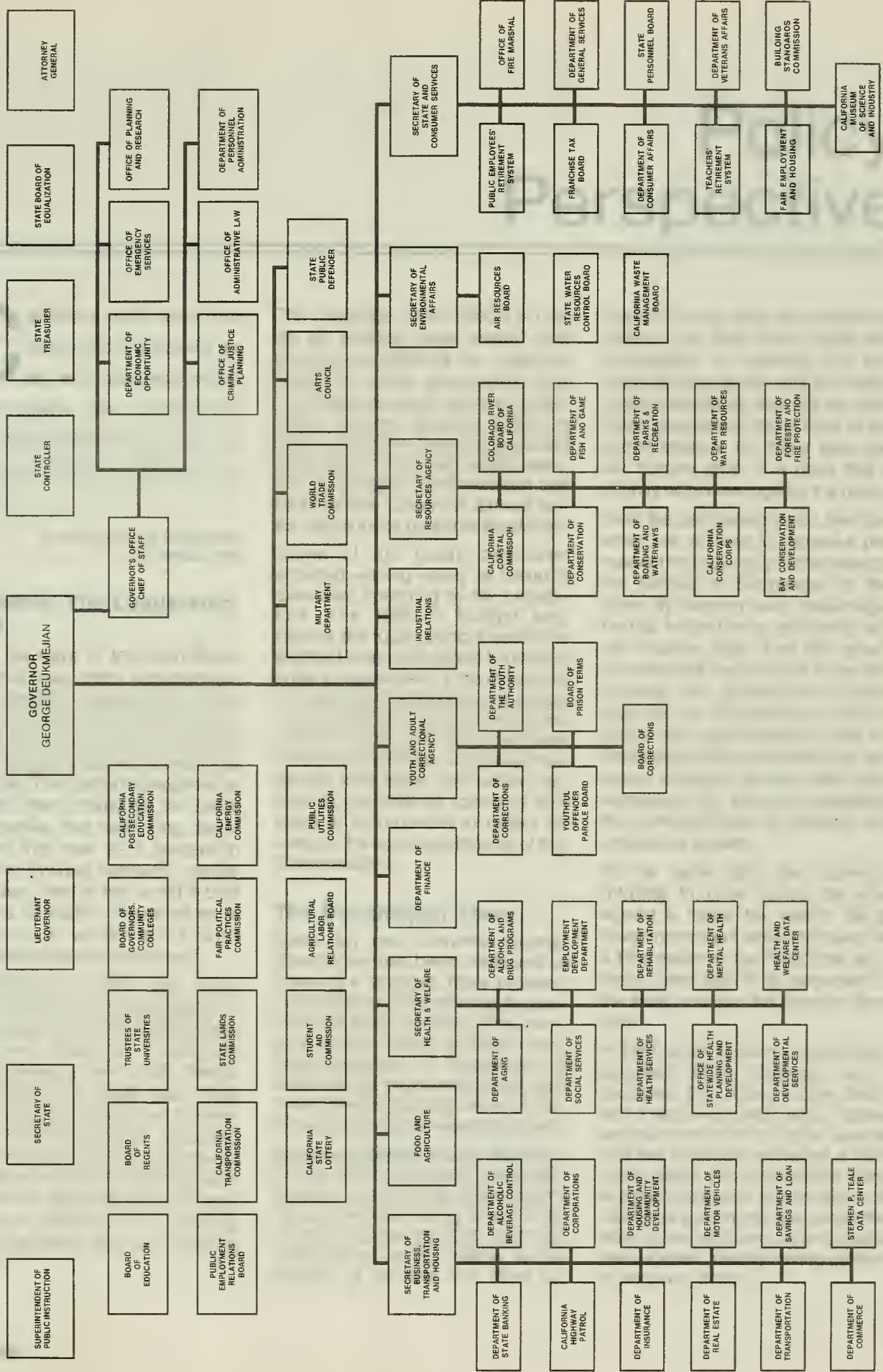
We look forward to providing assistance to you in implementing the fiscal policies incorporated in this budget.

Very truly yours,

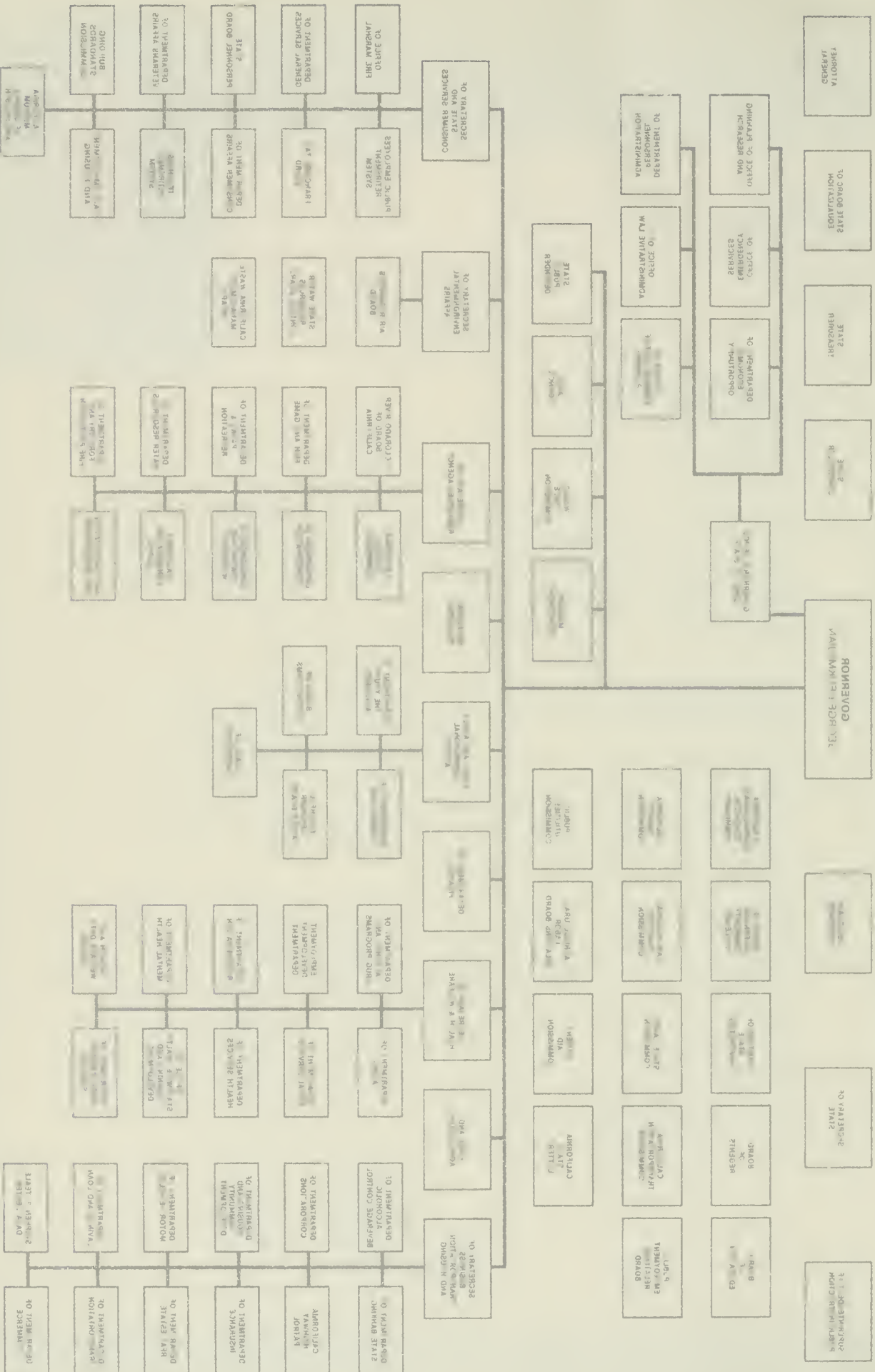
A handwritten signature in dark ink, appearing to read "Jesse R. Huff".

JESSE R. HUFF
Director of Finance

CALIFORNIA STATE GOVERNMENT THE EXECUTIVE BRANCH



ОБЩЕЕ ПОЛОЖЕНИЕ ОБ УЧЕБНО-НАУЧНОЙ РАБОТЕ



Policy Perspective

California can lead our nation into the future if we act with boldness, and if we recognize that government alone cannot build the future. Only the great people of California can do that.

Governor George Deukmejian
December 1989

California: The Leadership State

Since the days of the Gold Rush, California has been synonymous with adventure, opportunity, prosperity and vision. It has been a beacon of hope for millions of people from throughout the world seeking a better life. The California experience in 1990 offers many of the same opportunities that have long distinguished this state as a leadership state—a growing economy, quality education, one of the world's best systems of public infrastructure, a productive work force and unmatched natural resources.

But California in 1990 also faces many challenges. Our population is growing by more than 650,000 people a year. That's as if California were growing a new South Dakota or Delaware in a single year. More jobs are being created, but increasingly, these are jobs requiring advanced skills, training and education. More people in California also means new demands on our transportation system, our existing school facilities and our housing market.

The challenge for the 1990's is how do we address these needs? And how do we preserve the California dream for future generations? It is not always an easy task and sometimes requires decisive action in order to keep the dream in focus and obtainable. In the past seven years, the Deukmejian Administration has had to make numerous difficult policy decisions to preserve the dream.

Some of the tough decisions included vetoing nearly \$6 billion in excessive spending by the Legislature. The 1990–91 budget also reflects the tough budget decisions that the Governor has had to make in order to guarantee for the citizens of our state that California will continue to be a land of dreamers and doers and that by the year 2010 California will be even stronger and more prosperous than today. But before discussing the 1990–91 spending proposal, it is important to reflect on some of the accomplishments of this Administration.

The Deukmejian Years

Since day one, Governor George Deukmejian has been dedicated to fostering a stronger, more prosperous California. The secret to his success has been threefold: One, common sense fiscal policies; two, encouragement of investment in California by the private sector; and three, forward looking vision of California's place in the world economy.

Common Sense Fiscal Policies.

In the 1970's California State government was growing and consuming an ever increasing share of its citizens' income. By 1978, California ranked third in the nation in the severity of its state and local tax

burden. At that time, the voters took matters into their own hands with Proposition 13, indexing the personal income taxes, and the repeal of the inheritance and gift tax. With these actions and the actions of this Administration, we have seen our tax burden drop to a point that is slightly below average for the nation.

Over the past seven years, the Governor has refused to impose a permanent increase in general taxes on the people or businesses of this state. By keeping taxes reasonable, he has helped keep prosperity and job creation high. And the growth experienced has brought more new revenue into government coffers than any tax increase ever could. In fact, in the eight budgets under the Deukmejian Administration, tax revenues collected by the state have increased 103 percent, exceeding the combined rate of inflation and population growth.

At the same time the Governor refused to raise taxes, he also signed a major tax reform bill to lower income tax rates and make life a little easier at tax-filing time. As a result, over half of all taxpayers in the state now use the simpler, short form.

In 1983, when Governor Deukmejian assumed office, California had a projected \$1.5 billion budget deficit and a declining credit rating. Today, we have over a billion dollar reserve and the state has achieved a AAA credit rating. This exceptional rating is a demonstration of confidence in California's economy and allows the state to borrow money at less cost to the taxpayer, literally saving millions of taxpayer dollars.

During the course of this Administration, one of the most controversial issues has been the Governor's insistence on a prudent reserve. The concept of a reserve is an important one, not only for the state's fiscal health, but also for the protection of the people served by the programs the state is conducting. In the last three years the reserve has been critical to the state's ability to maintain programs despite revenue shortfalls, unanticipated caseload increases, fires, floods and earthquakes. The earthquake of October 17, 1989 was a vivid demonstration of the need for a prudent reserve. Without the \$1 billion reserve the state would have been in a situation where the ability of the state to react quickly in providing financial assistance to victims and local government efforts to restore order would have been frustrated.

Investment in California. By making California a more enjoyable place to live, we have increased our state's attractiveness as a destination for tourists. Since 1984, this Administration has invested \$34 million in an aggressive campaign to promote tourism. This investment has paid off handsomely. Today, California is the most popular state for travel by U.S. residents. Tourism in California is a \$37 billion a year industry, 42 percent larger than it was in 1983. The number of jobs provided for Californians by this industry has increased from 460,700 in 1983 to 567,000 in 1988, an increase of 23.1 percent. Furthermore, by generating more than \$1.2 billion in state tax revenues and \$649 million in local tax revenues, the tourism industry plays a major role in the state's ability to provide its citizens with vital public services, such as health services, education and public safety.

Trade. For a growing state like California, foreign trade is no longer a luxury, but a necessity. From the very beginning of this Administration, the Governor recognized that more trade means more jobs for our growing population. We set out immediately to promote trade that

would be second to none among the states. Since that time, more than 2,600 companies have selected California either to locate or expand, resulting in a private sector investment of \$18.7 billion and the creation of 243,000 jobs.

One of the most successful domestic programs is the California Export Finance Program, which with a capital fund of \$6 million has supported nearly \$200 million in export sales. In addition, we have created a \$5 million matching grants program to help California market its goods overseas. Through the efforts of the California State World Trade Commission, established in 1983, and its California Export Finance Program, established in 1984, California now accounts for about 17 percent of the nation's foreign trade, providing billions of dollars in sales and more than a million jobs for the state.

In addition, one of the major initiatives of this Administration has been the Rural Renaissance Program which with an \$8 million 1990-91 budget augmentation will have provided a total of \$42 million in grants and low income loans to rural counties to revitalize their economies.

Once the Governor was satisfied that California's trade infrastructure was sufficiently developed, he took the first step in 1987 to establish trade and investment offices overseas in Tokyo and London and in 1989 an office was opened in Mexico. All three offices have clearly proven their value. We have also studied the exciting new opportunities in Canada, Europe, and the Pacific Rim and recently established new offices in Frankfurt and Hong Kong. California's trade offices play a vital role in the growth of both California's exports and foreign investment programs. Since 1986 the value of exports to the Pacific Rim through California's ports has grown by over 100 percent. Exports to Europe have grown by over 30 percent. The number of foreign investment transactions in our state has grown by 36 percent.

Competitive Technology. In 1988, the Governor signed legisla-

tion establishing the California Competitive Technology Program for identifying and funding projects for stimulating rapid application of research by business and industry in California. During the first 8 months of the program, 28 projects were initiated with funds totaling \$10.8 million. Projects funded involve small and large California companies and address various areas of public interest, including improvements in computer technology, methods for improving the environment, applications for new high temperature superconductors, and new processes for medical treatment and diagnosis.

Vision: California 2010. The question of where California will be in 20 years is an important one. That is why two years ago the Governor asked some of California's leading business and educational leaders to try and answer this question. In the report entitled, "Vision: California 2010," the committee paints a vivid picture of what California can be in the new century. And it offers us a road map of how we can get there.

California in the year 2010 will be very different from the state we know today. We will have nine million more people—a one third increase in population. This growth will add 7.8 million motorists to our roads, swell the school population by 1.2 million students, increase the retirement community by 1.7 million and require 3.3 million new homes. Our population as a whole will be older, and today's ethnic minorities will become the new majority.

The economic competition we face will become increasingly global in nature. Not only will our markets be challenged by other nations, but so will our technological leadership. Anticipated changes in federal policies, such as a reduction in defense spending, will create further pressures on existing job-creating industries.

As Californians, we should be proud of what we have accomplished in the past. But if we rest on our laurels, we will most certainly lose our leadership. The public and private sec-

tors of California must work together to change difficult challenges into golden opportunities.

Our challenge is to continue with a common sense, efficient government, while providing the increased services that will be needed for our growing population. The Vision 2010 report outlines an “achievable vision”—not a vision built on outlandish social engineering or expensive government subsidies—but a vision that harnesses our tremendous strengths as one of the world’s largest economic powers and our strategic location on the Pacific Rim.

This achievable vision sees an economically competitive California in an increasingly international economy; one that remains on the cutting edge of new technology and innovation; and one that successfully integrates immigrants and minority residents into the mainstream of society.

To achieve this vision, California must have a government which cares about education, jobs, public safety and most of all, the people it serves. Over the past seven years Governor Deukmejian has made the following contributions in these vital areas to the citizens of California.

Commitment to Education. The Governor’s number one spending priority over the years has always been education. He recognizes that today’s students must gain the knowledge and skills to become part of tomorrow’s well-trained and productive work force. This Administration has set the course for attaining this achievable vision by launching an ambitious program of classroom reform.

Since 1983, public school (K–12) funding has increased 115 percent, while student enrollment has only gone up 21 percent. Also, to attract our best minds into teaching, California now ranks second in the nation for salaries for beginning teachers.

In addition, we recognize that in order to have a first rate education system in California we must have first rate educational facilities.

Therefore, we have embarked on an ambitious capital outlay program for K–12 and higher education that has totaled nearly \$6 billion since this Administration took office. Since 1983, 469 new schools have been built which amount to 7,600 new classrooms with another 3,200 classrooms on the way.

Along with these increased levels of funding have been a number of educational reforms. Most notably, SB 813 initiated reforms in the areas of student academic performance and discipline, curriculum and quality of teachers. Specific reforms included increased graduation requirements, incentive funding for longer school days and longer school years, supplemental summer school funding to enhance the core curriculum and assist students in graduating with their class, establishment of mentor teachers, and increased parental and community involvement in the educational process. Other reform efforts have included enactment of legislation to reduce class size, promote the use of technology in the educational process, and promote fiscal accountability of local educational agencies.

This Administration has paid special attention to the prevention of drug use by our children. In 1983, we established our Suppression of Drug Abuse in Schools Program in the Office of Criminal Justice Planning which emphasizes prevention and intervention activities. In addition, we launched programs like “Learn to Say No” and our “Friday Night Live” program, which encourage high school students to adopt a drug-free lifestyle. Since 1983, this Administration has provided \$68 million in funding in this critical area.

Higher education has also been one of the highest spending priorities of this Administration. Today, California’s colleges and universities are world-renowned centers for innovation and discovery in science, medicine, technology, agriculture, economics, public policy and our national defense. This Administration recognizes that the productivity

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our growing
population.”*

of our private enterprise economy depends on an educated and literate citizenry.

Over the past seven years, we have funded major initiatives to maintain the quality and accessibility of our colleges and universities, and to enable these institutions to meet the major challenges now facing our higher education system and our state. Our nearly 300 public and private colleges and universities educate over 2 million students each year, or one out of every 10 California adults. From 1982–83 to 1989–90, funding for four year institutions of public higher education has increased by more than 97 percent to over \$5 billion. In addition, the 1989–90 Budget, for the first time in 20 years, provides funds to plan for new campuses at the University of California and California State University.

Educational equity and affirmative action programs have addressed the needs related to the state's growing demographic diversity to ensure educational opportunities for all our citizens. Resources for instruction and research also have been provided to guarantee the continued attraction of talented students and faculty. New programs which focus on the Pacific Rim will help keep California in the vanguard of commerce and economic development.

Public Safety. California has made great progress in our prison construction program since the Governor assumed office in 1983. Because of the many tough anti-crime laws the Governor has signed, California's inmate population has risen from 35,000 to more than 87,000. In response to this growth, the Administration embarked on the most ambitious prison construction program in the history of the nation. The California Department of Corrections (CDC) has now built over 24,000 new prison beds in nine new prisons or additions to existing prisons. With the addition of 17,340 more beds in seven more prisons now in design or construction, the state will have added nearly 42,000 new

prison beds in less than 10 years. California's prison construction program is viewed as a role model by the rest of the country.

In addition, nearly \$1.5 billion has been made available to counties for the remodeling or construction of new local county jails. These funds are enabling communities statewide to add or replace nearly 35,000 local jail beds.

Improved Transportation System. California has one of the best and most extensive transportation networks in the nation. Since 1983–84 a total of 1,133 lane miles have been either constructed or rehabilitated. But, our population is growing and so is the number of cars and trucks on our roads. Today there are nearly 8 million more vehicles on our roads than seven years ago.

Over the last seven years, we have adopted a combination of strategies to accommodate this rate of growth. Since 1982–83, state spending on construction and rehabilitation of the state highway system has increased by \$778 million or 160 percent.

While this Administration has made significant strides to improve our state transportation system, it is none the less anticipated that freeway congestion will increase five-fold by 2010, resulting in a reduction of average speed from 35 to 19 miles per hour. Consequently, Californians, who already lose 400,000 hours daily due to regular traffic slowdowns, would be in danger of losing not just more hours on our highways, but their jobs and quality of life as well.

To avoid this gloomy scenario, the Administration took the initiative and acted. Through a series of Transportation Summit meetings with key legislative and private sector leaders, we fashioned a long-term plan that will help relieve traffic gridlock, and unlock the true potential of our economy.

This plan, the Transportation Congestion Relief and Spending Limitation Act of 1990, will put California ahead of other states in our funding

and our approach to improving the state's roads, highways and mass transit systems. It will raise an additional \$18.5 billion over the next 10 years to continue the aggressive transportation improvement program we have implemented over the last seven years. These funds will be used to expand our rail and mass transit services, upgrade our urban and rural road system and increase the efficiency of our state transportation department.

Infrastructure. Rebuilding our state's infrastructure—our roads, schools, hospitals, prisons, parks and environment—is another essential ingredient of the Deukmejian Administration. In the last seven years, Governor Deukmejian has taken the lead in calling attention to the fact that California is a growing state, and that we must continue to make new investments in our public facilities and economic base in order to handle that growth and preserve our prosperity. All told, in the eight budgets of this Administration we will have invested \$44.6 billion to upgrade our state's infrastructure network—an unprecedented commitment.

Children's Services. The quality of our society can perhaps best be measured by its willingness and commitment to assist those who are least able to help themselves. No group is more in need of our care and assistance than our children and California has exercised a leading role in the nation in the development and delivery of quality children's services. During this Administration, diligence in the detection and prevention of child abuse and neglect, and the implementation of innovative approaches to providing a safe, permanent, family living environment for children has distinguished California's ongoing efforts and commitment in the area of child welfare services.

Targeting one of the most troubling and costly problems facing our state, the Administration has also established innovative approaches to work with families who have infants who are born drug and/or

alcohol addicted, or who have been determined to be HIV positive.

This Administration has also continued California's tradition of providing critical services to the needy. The average grant amount in the Aid to Families with Dependent Children program is the highest of any other state, except Alaska.

Workfare. The Greater Avenues for Independence (GAIN) program represents the most innovative approach to welfare reform in the last quarter century. Created in a spirit of bipartisan cooperation, the GAIN program provides education, training, and employment counseling services to able-bodied welfare recipients to enable them to attain self-sufficiency. The GAIN program combines an emphasis on education and training for welfare recipients; mandatory participation in program activity; support services, such as child care, and a contractual relationship between the recipient and welfare department that specifies employment goals.

GAIN has been successfully implemented in all California counties. Over 306,000 welfare recipients are currently being served by this program. Statistics indicate that 14,400 GAIN participants have discontinued aid because of employment, and approximately 50,000 participants have obtained employment. The Administration is confident that in future years the GAIN program will continue to assist recipients to overcome welfare dependency.

California's Elderly. While the growth in California's elderly population continues to be one of the most important demographic changes affecting California, the challenges of meeting the growing needs of California's elderly population have been matched by the Administration in the development of new and innovative aging and community-based long-term care programs. During this Administration, the Governor has demonstrated a commitment to assisting this rapidly growing elderly population by providing a 79 percent increase in funding since 1984-85.

In response to this growing demand for services, the Governor's Seniors' Initiative was enacted in 1984 and designated the Department of Aging with the lead role in constructing a system of community-based long-term care programs designed to assist the elderly to live independently and to avoid their premature institutionalization.

AIDS. Acquired Immune Deficiency Syndrome (AIDS) continues to be one of the most serious public health threats faced by our society in recent history. Although there is no cure for this fatal disease, recent advances in antibiotic and antiviral research have shown promising results that may lead to a fundamental shift in the treatment of HIV-infected persons.

Under this Administration, California has become a national leader in the battle to eliminate this disease. With more than 20 percent of the total AIDS patients in California, we provide 31 percent of the total spending, which is more than any other state. Over the term of this Administration, a total of \$484 million is being committed to solving this major health crisis.

Natural Resources. California enjoys a world-wide reputation for the rich diversity of its natural resources and the quality of its environment. Maintaining and enhancing these natural assets has been a continuing effort of the Deukmejian Administration.

In the past, through bond issues and other measures, Californians have generously invested in the long-term management of the state's natural resources. This Administration has continued this tradition in ways that will improve the quality of life for present and future generations by providing thoughtful and responsible stewardship for wildlife, forests, fish, water resources, air quality and parks.

One of California's most important natural resources is Lake Tahoe, famed for depth, purity and clarity of its waters. The Administration, work-

*“This plan,
the
Transportation
Congestion
Relief and
Spending
Limitation
Act of 1990,
will put
California
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to improving
the state's
roads,
highways
and mass
transit
systems.”*

ing through the Resources Agency and the Tahoe Conservancy, has actively worked to continue the protection of the environmental quality of Lake Tahoe, particularly the preservation of its water quality. Over \$10 million has been provided in grants aimed at repairing past damage to the Lake. More than 3,700 acres of sensitive lands have been purchased to reduce the potential of continuing soil erosion and water degradation. The purchase of sensitive lands around Lake Tahoe has also served to preserve and maintain a full range of wildlife habitats in the Tahoe Basin.

In 1989, the Administration, legislative leadership and affected constituency groups reached an historic compromise on preserving the environmentally sensitive Mono Lake. Under this proposal, grants will be made to the City of Los Angeles for eligible projects, such as waste water reclamation, water conservation and ground water recharge so that Mono Lake water will not be diverted thus protecting the lake's wildlife and environment.

Environmental Quality. The Deukmejian Administration has maintained California's strong commitment to protecting air and water quality; overseeing the disposal of solid wastes; managing the clean-up, disposal and storage of toxic wastes; and monitoring development of the State's Outer Continental Shelf oil and gas resources. The Environmental Affairs Agency has the major responsibility for overseeing the Air Resources Board, the State Water Resources Control Board, and the California Integrated Waste Management Board.

One of the greatest infrastructure challenges that will face communities throughout the nation in the coming years is how to dispose of the growing amounts of garbage that consumers, businesses, and agriculture produces. In California, we've shown the vision to construct a plan to solve this problem before it becomes a crisis.

In 1989, we won passage of landmark legislation which establishes a

plan to reduce the amount of waste going to landfills by 25 percent by the year 1995, and by 50 percent by 2000. We will accomplish this achievable vision by reducing the overpackaging of products, recycling, developing new markets for recycled products and enforcing tough environmental regulations. California's plan for solid waste disposal serves as a model for the nation.

California continues to be on the leading edge in the area of air pollution control, in fact, the California Clean Air Act of 1988 is the most comprehensive piece of air quality legislation passed in California in more than a decade. The Act requires that emissions be reduced by 5 percent each year, beginning in 1988, until ambient air qualities standards are met. This will effectively cut emissions to half of the 1987 levels by the end of 1997.

Emission standards established by the Air Resources Board are much more stringent than the standards established by the Federal Clean Air Act. Furthermore, California is currently the only state authorized under the Federal Clean Air Act to set and enforce its own new vehicle emissions standards. California's vehicle standards have set a precedent for similar controls throughout the world.

During the past seven years, this Administration has also made significant strides in developing alternative transportation fuel technology. The use of alternative fuels in California has not only stimulated the economy, but works to improve one of the most important resources, our air quality.

The Toxic Substances Control Program has undergone major change and improvement in addressing toxic waste problems over the past seven years. In 1983-84, the program had a difficult time regulating the normal method of disposal, dumping untreated waste directly to land, and faced overwhelming problems in cleaning up the results of inappropriate past practices. Since then Toxic Substances Control has

evolved into a program whose major focus is to assure safe practices in the handling of waste, clean-up or stabilization, as appropriate, of sites which threaten public or environmental health or safety, and identification of alternatives in hazardous waste generating processes to reduce the initial production of toxic substances.

The Administration also supported the California Beverage Container Recycling and Litter Reduction Act in 1986. This landmark legislation was the first of its kind in the nation and has, as an overall goal, to recycle 80 percent of all aluminum, glass, plastic and nonaluminum beverage containers. Over 2,000 certified recycling centers serve the California public as recycling becomes an integral part of the overall waste management system. Recycling is estimated to eventually divert 20 to 30 percent of the waste being generated. This effort is a significant part of the plan to conserve the state's natural resources, alleviate pressure on the state's landfill capacity and reduce the amount of litter on California's beaches, parks and roadways.

Earthquake Relief. The October 17, 1989, Loma Prieta earthquake took a tragic toll on our state. Sixty-one people were killed and more than 3,000 were injured. Thousands of families and individuals were forced out of their homes and billions of dollars of private and public property were damaged. The magnitude of this disaster can be put into perspective by the damage it caused relative to previous disasters. In the nine Presidentially-declared disasters in California preceding this earthquake, the estimated total damage was \$1.5 billion. The estimated damage from this disaster is in excess of \$5 billion.

The Administration took immediate actions in response to this disaster. Within days of the earthquake the Governor advanced \$117 million to local governments to assist with anticipated cash flow problems. On November 2, the Governor called a Special Session of the Legislature.

The purpose of the Special Session was to put forward proposed measures to assist victims, to help business recover and to repair damaged public facilities. Twenty-four Special Session measures were enacted in twelve pairs of Assembly and Senate bills.

In all, the Special Session legislation will result in making approximately \$1 billion in state aid available to individuals, businesses and private nonprofit organizations, as well as state and local governmental agencies.

In addition to calling the Special Session, the Governor also appointed an independent Board of Inquiry to investigate the collapse of a section of Interstate 880 and a part of the San Francisco-Oakland Bay Bridge. This respected team of experts will determine why specific structures failed in the earthquake and what can be done to prevent such occurrences in the future.

It has been less than three months since the devastating earthquake struck and yet much has been accomplished to repair the damage, aid victims and assist local governments. Despite the tremendous progress, there is a great deal of work to be done and the Governor has pledged to do what ever it takes to continue the rebuilding efforts.

The goal of Governor Deukmejian since the first day has been to create a government that serves the needs of its citizens. In the last year of his Administration he will continue the common sense principles which have guided this Administration's efforts to make California stronger and more prosperous in the years to come.

Challenges of the 1990's

The challenges facing the Administration in fashioning the 1990-91 State Budget are issues that defy easy solutions. But they are challenges that must be met, for failure to deal with these budgetary restraints could impair the proper provisions of services to the citizens of California and affect future budgets.

Problem. The problem is not a lack of tax dollars on the part of the state. The problem is a lack of flexibility afforded to decision makers in determining how those tax dollars should be spent. There are some who would dispute this definition of the problem, but there is evidence to support this position.

First, compared to the first budget of the Deukmejian administration, General Fund revenues are expected to grow by 103 percent through 1990-91. This compares with a combined growth rate of inflation and population of 54 percent. In other words, state revenue, after adjustments for inflation and the increase in population, will grow almost twice as fast.

Second, the fact is that revenue to the General Fund, expressed as a percentage of the state's personal income, has been on a plateau close to its historic peak for the last 12 years. That is to say that for 1990-91 the state expects to take in approximately 6.5 percent of the total personal income of all Californians as General Fund revenue—a figure that is almost the same as it was in 1978-79.

Personal income is the engine that drives our General Fund revenues. A conservative projection of personal income growth over the next five years would produce a figure of approximately \$900 billion in 1995. Assuming no changes in California's tax structure, a 6.5 percentage share of that personal income would yield General Fund revenues of approximately \$59 billion, compared with \$40 billion in 1989-90. Clearly, the State of California does not have a revenue problem.

However, there is a problem facing budget makers. The source of the problem is found in a multitude of Constitutional and statutory provisions which, sometimes working in conjunction with one another and sometimes working in opposition to one another, act to limit the options available to decision makers in the allocation of the state's resources. And there should be no doubt that if the projection of \$43 billion of Gen-

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eral Fund revenue is realized, (an 8.4 percent growth from the 1989–90 budget) the problem of a restricted range of options will only be heightened. These budgetary constraints have accumulated over many years from a variety of sources, including Constitutional Amendments, statutory enactments and court decisions.

The principle constitutional restrictions are a result of Proposition 4 (the so-called “Gann Limit”) enacted in 1979, Proposition 98 (the school funding measure) enacted in 1988 and Proposition 99 (the tobacco tax) also enacted in 1988.

The statutory enactments are numerous and cover a wide range of programs. They include guaranteed cost-of-living increases (COLAS), establishment of rights to services (entitlements), automatic programmatic expansions, and limitations on the ability of the executive branch to curtail expenditures during the fiscal year. The Budget Act cannot be used to change these statutory restrictions, notwithstanding the fact that it is also a statute, because its subject is the appropriations of government, and not the revision of the statutes controlling programs. According to the California Constitution, a bill can only address one subject.

The court decisions have placed some limit on the Governor’s ability to “blue-pencil” appropriations and have created additional entitlements.

“Two Budgets.” Because of Proposition 98, the Administration has essentially partitioned the budget into two sections, almost like two budgets—one for education covering kindergarten through community college (K–14), and one for the rest of government. (See Figure 1-A.) According to the provisions of Proposition 98, 40.9 percent of the tax revenue to the General Fund must be allocated to K–14 education. For 1990–91 this totals \$17.1 billion and represents a growth rate of 8.0 percent over the current level of expenditures. After providing approximately \$500 million for rebuilding the

state’s reserve fund, this leaves \$25.5 billion for the rest of government and represents a growth rate of 5.2 percent over the current level of expenditures.

Program Growth. An 8.0 percent growth rate in K–12 expenditures not only covers the increased enrollments and a 3.0 percent cost-of-living increase, it also provides for reduced class sizes in selected grades, additional staff development efforts and increased drug education.

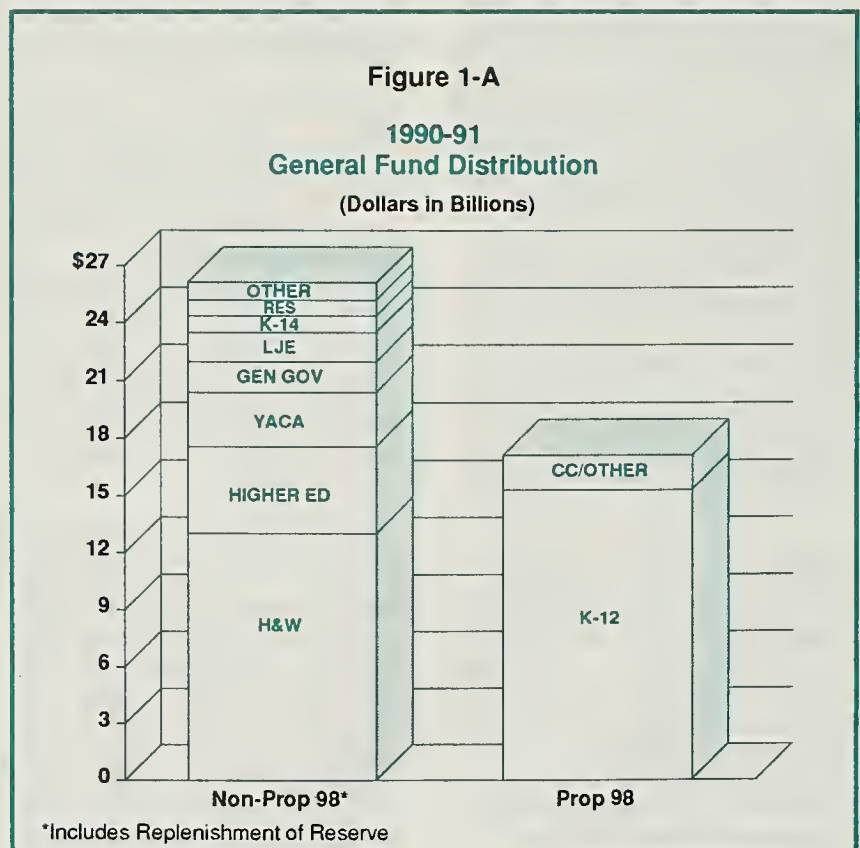
However, a 5.2 percent growth rate in the rest of government simply does not meet all the demands in the areas of health, welfare, higher education and corrections given the various constitutional, statutory, and court qualifications on the allocation of this money. Thus, while the Governor’s Budget provides sufficient funds to cover most of the caseload increases in the social programs and the population increase in the state prisons, most discretionary

programs are held to no increase and may have reductions.

Moreover, in fashioning the Governor’s Budget to reflect the best use of the resources available, the Governor decided it was necessary to propose several program changes. These changes are discussed in the respective budget areas in this Summary.

The Administration recognizes that the Governor’s Budget proposal is not the only possible allocation plan of the state’s resources and that the Legislature will undoubtedly consider amendments as it progresses through the legislative process. However, it should be understood that the budget must ultimately be balanced and contain a prudent reserve. Therefore, it is the intention of the Administration to work cooperatively with the leadership to find solutions to the budgetary pressures facing us in 1990 and beyond.

Revenues. Additional revenues do not represent a solution to this problem for two reasons. First, the



state's revenues continue to grow at a healthy pace and are expected to be 8.4 percent higher next year. The budget problem is not a failure of revenues. Second, our expected revenues leave the state \$143 million below the appropriations limit of Proposition 4. Any increase in tax revenues above the limit will simply trigger the provisions of Proposition 98 and require that the excess over the limit be appropriated to K-14 education. (See Table 1-1 and 1-2)

Reserve. Reducing the proposed budget reserve does not represent a solution to the problem either. The Governor's Budget proposes a total of \$1.2 billion in reserves, comprised of two parts: \$220 million in the K-14 area and a general reserve of \$1.0 billion in the remainder of government. This reserve, in a budget of \$42.6 billion, is approximately 3 percent and is the minimum amount for a prudent reserve. The concept of a reserve is an important one, not only for the state's fiscal health, but also for the protection of the programs the state is conducting. Its importance is recognized by the voters who placed a requirement for a prudent reserve in the Constitution when they approved Proposition 98.

In each of the last two years the reserve was critical to the state's ability to maintain programs despite revenue shortfalls, unanticipated caseload increases, natural disasters and other budget problems.

SCA 1. One of the answers to the challenges facing budgetmakers is to confront the real problem directly and loosen the restrictions on budget decision making through the enactment of Senate Constitutional Amendment 1 (SCA 1) which will appear on the ballot in June 1990.

SCA 1 will enact a statewide traffic congestion relief program and update the spending limit on state and local government to better reflect the needs of a growing California population. It would provide new revenues to reduce traffic congestion by building state highways, local streets and roads, and public mass transit facilities. This measure would enact a 55 percent increase in

truck weight fees and a five-cent per gallon increase in the fuel tax on August 1, 1990, and an additional one cent on January 1 of each of the next four years.

The measure updates the state appropriations limit to allow for new funding for congestion relief, mass transit, health care, service for the elderly, and other priority state programs, while still providing an overall limit on state and local spending. This measure would continue to provide that public education and community colleges receive at least 40.9 percent of the state general fund budget, and would provide that revenues in excess of the state appropriations limit are allocated equally between education and taxpayers.

1990-91 Budget Pressures

The 1990-91 Governor's Budget will total \$53.7 billion, including \$42.6 billion in General Fund expenditures. This new budget will again be the largest in California's history. It is a balanced budget that fully funds Proposition 98. It contains a billion dollar general reserve and no general tax increase.

Our growth in revenues will be matched by the growth in expenditures after rebuilding the reserve. (see Tables 1-1 and 1-2).

Some programs, such as corrections and health and welfare, are expanding at a rate of more than 11 percent in the coming year well beyond the rate of increase of our revenues. When the budget has demands for spending totalling 11 percent and additional income of 8 percent, plus a need to replenish the reserve, it becomes evident that some adjustments must be made.

First of all, adjustments in some programs will be needed to bring the projected rise in spending in line with the projected rise in income.

Second, and perhaps more important for the long run and for future governors, any government which is programmed on auto-pilot to grow 11 percent a year—not including any new programs, and far beyond infla-

“The concept of a reserve is an important one . . . recognized by the voters who placed a requirement for a prudent reserve in the Constitution when they approved Proposition 98.”

Table 1-1
1990-91 Fund Sources
(Dollars in Millions)

<i>Source</i>	<i>General Fund</i>	<i>Special Funds</i>	<i>Bond Funds</i>
Personal Income Tax	\$19,050	\$7	—
Sales Tax	14,485	528	—
Bank and Corporation Taxes	5,880	20	—
Highway Users Taxes	—	2,611	—
Motor Vehicle License Fees	—	2,307	—
Insurance Tax	1,273	—	—
Tobacco	151	625	—
Liquor Tax	127	—	—
Estate Taxes	397	—	—
Horse Racing Fees	113	43	—
Other	1,626	1,729	—
Proceeds from Bond Sales			3,213
Total	\$43,102	\$7,870	\$3,213

Table 1-2
1990-91 Expenditures By Fund
(Dollars in Millions)

<i>Function</i>	<i>General Fund</i>	<i>Special Funds</i>	<i>Bond Funds</i>	<i>Total</i>
Education (K-14)	\$17,866	\$76	\$1,757	\$19,699
Health and Welfare	13,062	771	6	13,839
Higher Education	4,539	38	265	4,842
Business, Transportation and Housing	119	2,515	202	2,836
Tax Relief	925	—	—	925
Local Government Subventions	—	2,905	—	2,905
Youth and Adult Correction Agency	2,850	16	446	3,312
Resources	747	770	537	2,054
State and Consumer Services	274	316	—	590
Other	2,230	505	—	2,735
Total	\$42,612	\$7,912	\$3,213	\$53,737

tion, population and even caseload growth—is headed for trouble.

It doesn't matter how fast the economy grows, how much new revenue comes in or even how many taxes are raised, it is simply impossible to sustain that kind of government growth without squandering the fundamental basis for our prosperity.

Initiatives For 1990-91

In order to prepare California for the challenges of the 1990's and beyond, the Governor's 1990-91 Budget includes the following initiatives.

Housing. The Governor is calling on the Legislature to join with him in establishing as one of our chief objectives for 1990, the enactment of a \$2 billion program to help put home ownership back within reach of the average family.

Our plan is to make available, over five years, a billion dollars raised through the issuance of private activity bonds. These funds would be used by the California Housing Finance Agency to provide guaranteed, lower cost mortgage funds targeted to first time home-buyers. In addition, the Governor is proposing that another \$1 billion in general obligation bonds be approved so that the state can offer loan guarantees and reduced interest rates to families who may not be eligible under federal restrictions which govern that first program.

Basic Health Care Coverage. Four million working Californians and dependents have no coverage, and securing private health coverage is too expensive for most of these families.

Pursuant to legislation the Governor signed last year, a task force established by this Administration and the Legislature will make recommendations shortly as to the best way to insure the uninsured. Upon receipt of these recommendations, the Governor will sit down with the leadership, the business community and other interested parties to complete work on a plan which meets the

needs of Californians for basic health care coverage and does not place an undue burden on employers.

Earthquake Preparedness. The Governor is asking the Legislature to join with him in enacting a major earthquake preparedness package in 1990, which contains the following elements:

As part of the 1990-91 budget, the Governor proposes \$11 million in additional expenditures to fund a wide array of disaster readiness measures including acquisition of a site for a Southern California Operations Center of the Office of Emergency Services; statewide inspection of grade schools and state facilities; and funds for additional rescue and communications equipment.

In addition, he is proposing that \$15 million from the proceeds of the sale of the Agnews State Hospital property in San Jose be directed toward providing permanent low income housing in areas affected by the October 17 earthquake.

Next, the Governor will be supportive of efforts to provide relief to localities which have suffered revenue loss due to the earthquake.

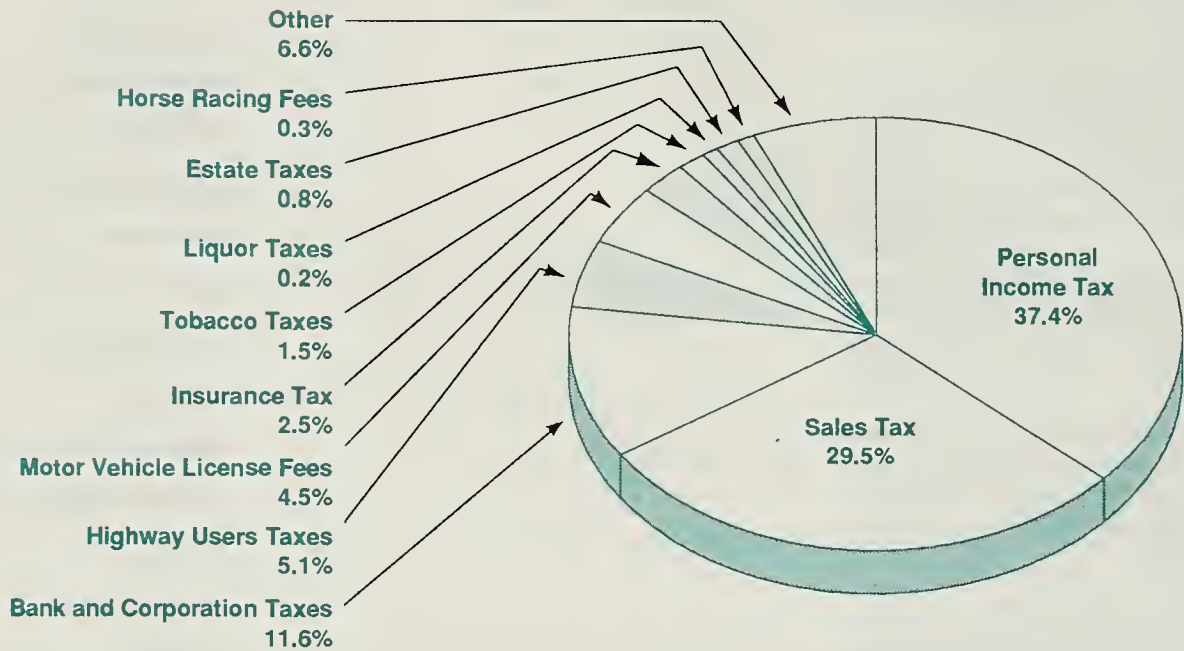
Also, the time has come to establish as a matter of statewide goal and policy, the retrofitting or replacement of unsafe buildings in earthquake-prone areas.

This mammoth undertaking cannot be achieved overnight, but we can take a substantial step by approving \$250 million in bonds to retrofit state buildings.

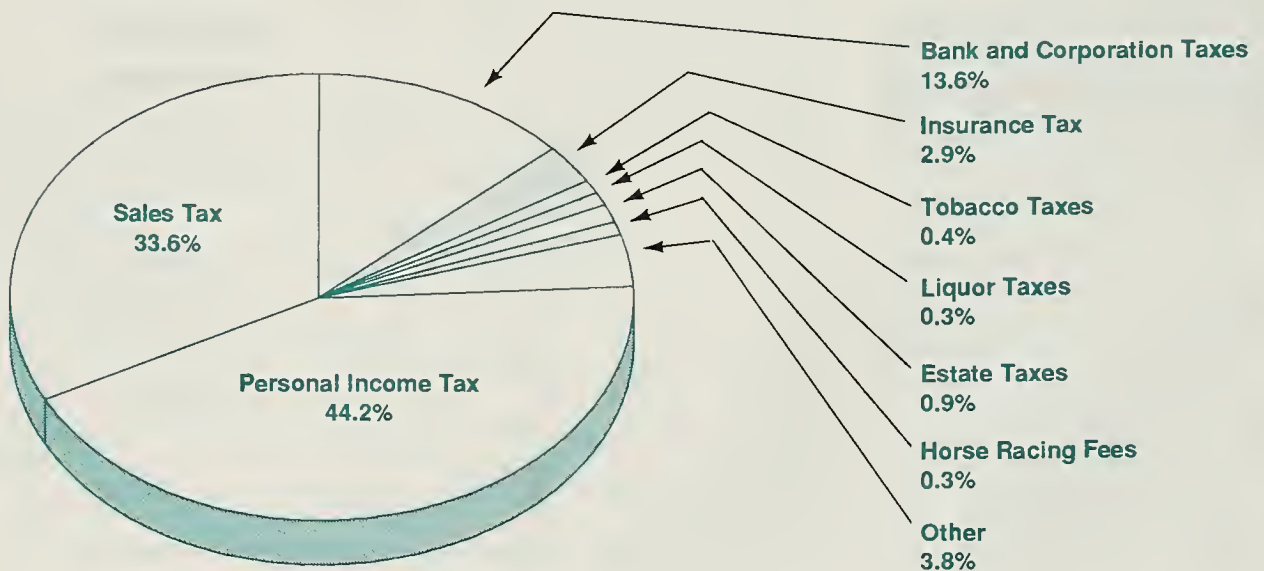
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REVENUES 1990-91 FISCAL YEAR

TOTAL REVENUES AND TRANSFERS

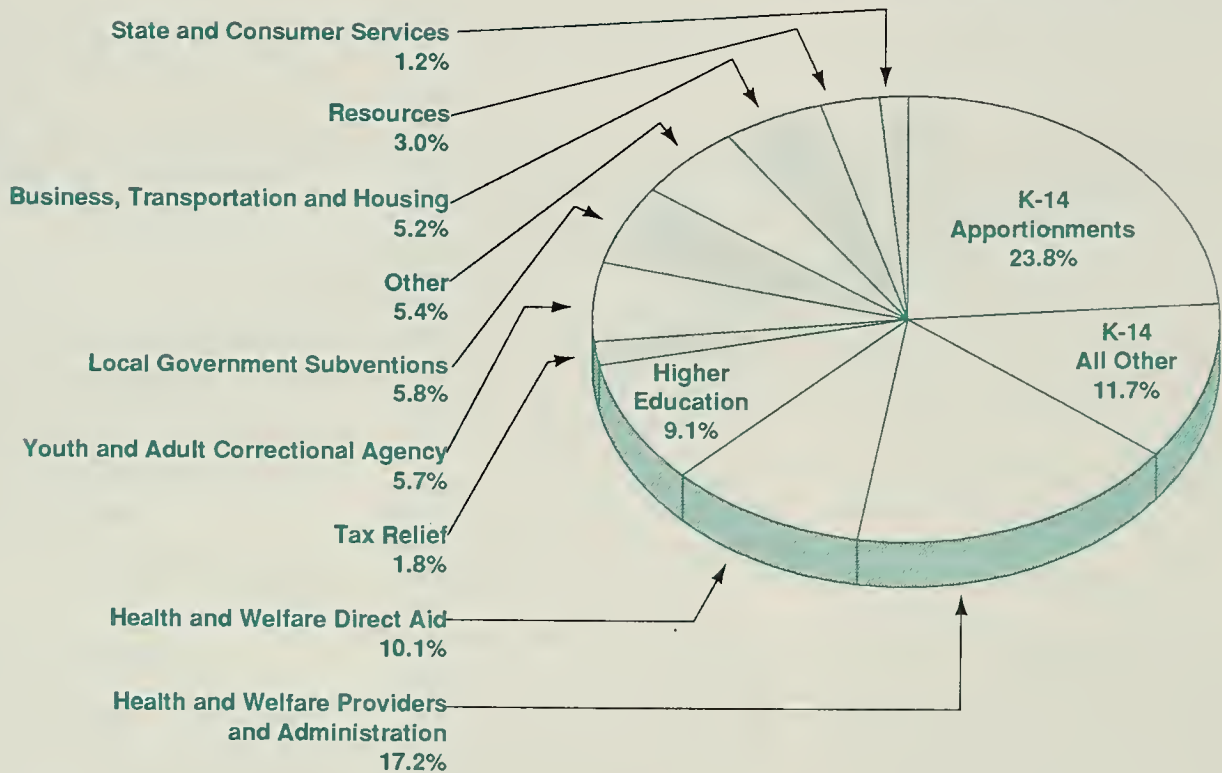


GENERAL FUND REVENUES AND TRANSFERS

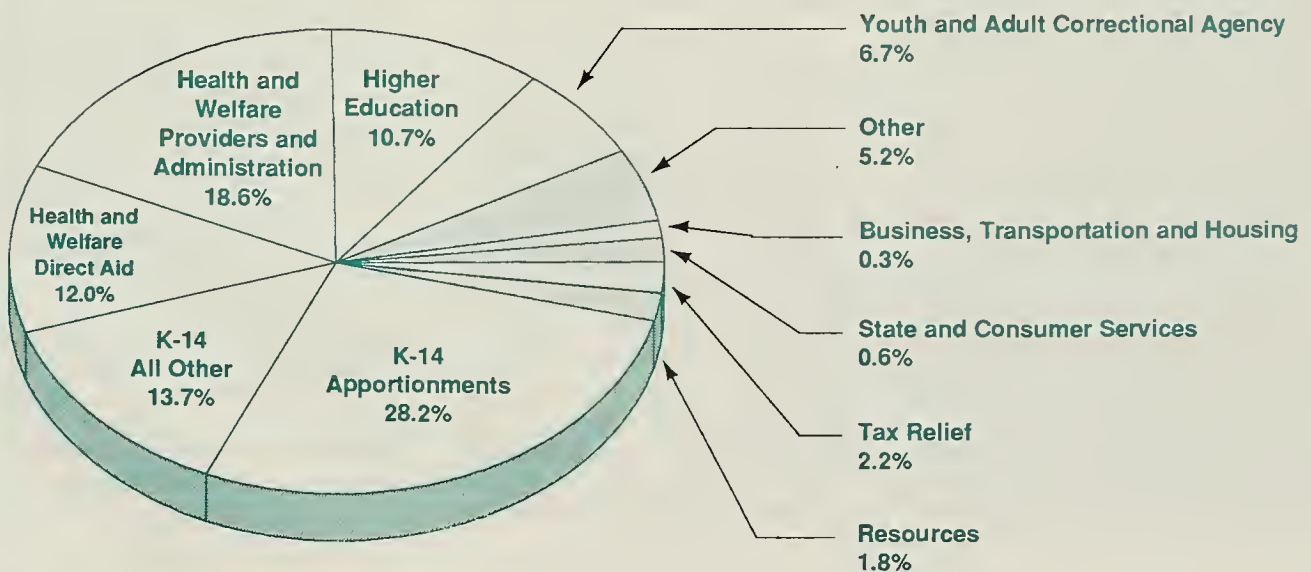


EXPENDITURES 1990-91 FISCAL YEAR

TOTAL EXPENDITURES (Excluding Selected Bond Funds)



GENERAL FUND EXPENDITURES



Economic Outlook

We must master the challenges of the future—not just so California can compete in America, but so California can compete in the world. Increasing our prominence in the international economy is one essential approach for creating the jobs and prosperity we need for a growing population.

Governor George Deukmejian
April 1989

National Economy

The economic assumptions prepared for the 1990–91 Budget recognize the weakness which has developed in the economy over the last several months. The outlook described in this chapter, and which underlies the revenue estimates, assumes a moderate rebound in the pace of economic growth by the second half of 1990. These assumptions are therefore slightly more optimistic than the consensus forecast, which calls for sluggish growth through virtually all of this year. The differences between the consensus and this somewhat higher view are not great for most sectors, and mainly reflect the timing of the expected rebound in economic activity.

Real gross national product under this premise reflects the soft landing being targeted by the Federal Reserve: i.e., a period of slow growth which will reduce inflationary pressures yet avoid an actual downturn.

There are no indications of severe imbalances which could lead to a downturn. Inventories, with minor exceptions, are under control. Consumers continue to spend at a somewhat more moderate pace than in previous years. Business investment will grow slowly. Housing will rise from the 1989 level reflecting lower mortgage rates. The net export position of the nation will show no improvement, however, with the recent strength of the U.S. dollar holding down exports. The other sector of weakness is defense spending, which will see slow but steady declines in real terms.

If achieved, this soft landing will mark the first time that the Federal Reserve has successfully engineered a slowdown in the economy without leading to recession. Their success is dependent on the effectiveness of gradual policy moves over the past year intended to keep the economy moving ahead and, at the same time, curbing potential inflation problems. Interest rates have fallen gradually beginning in the second quarter of 1989.

The length of the current expansion must be attributed in part to the success of Federal Reserve policy. The seven-year milestone was achieved last November, making this by far the longest peace-time expansion on record. Consumers have led the economy for most of the time. Sustaining consumer demand at high, and still growing, levels has become more difficult, however.

Auto sales are a primary example of the situation. Sales have been strong for seven years, helped in the past three years by periodic price rebates and financing incentives.

Affordability has been maintained in the face of rising prices by lengthening loans. As a result, sales have probably anticipated future needs to some extent.

Home building activity slowed sharply after enactment of the 1986 federal tax act, which reduced tax advantages arising from property investment. Beyond that, higher interest rates through 1988 discouraged home buyers. Mortgage rates have been trending down in recent months, however, and signs of price moderation are occurring. Both these factors should support home building in coming quarters.

Plant and equipment investment is expected to increase slowly. One area of weakness is the computer industry which is feeling the effects of strong sales in prior years, the fact that equipment already in place may not be fully utilized, and the uncertainty which arises from rapid technological change.

Net exports are likely to deteriorate modestly. Gains achieved from 1987 to mid-1989 were largely attributable to the lower value of the U.S. dollar. Since then, the dollar has strengthened, foreign markets have weakened, and consumer demand for imports has continued strong. Net exports in real terms are expected to stay generally in the —\$60 billion to —\$70 billion range through 1991.

Defense spending is one area which will receive increasing attention. Gradual declines are anticipated this year and next. Impacts from recent developments in Eastern Europe and the Defense Secretary's plan to make major reductions in the growth of defense spending are not likely to have a great impact on 1990 or 1991,

since expenditures in those years will be largely from previous allocations.

On balance, it has been assumed that the economy will resume a moderate expansion track early in 1990, with growth in real GNP of 2.1 percent for the year.

This will result in only modest employment gains, with the unemployment rate holding at 5.2 percent for the year.

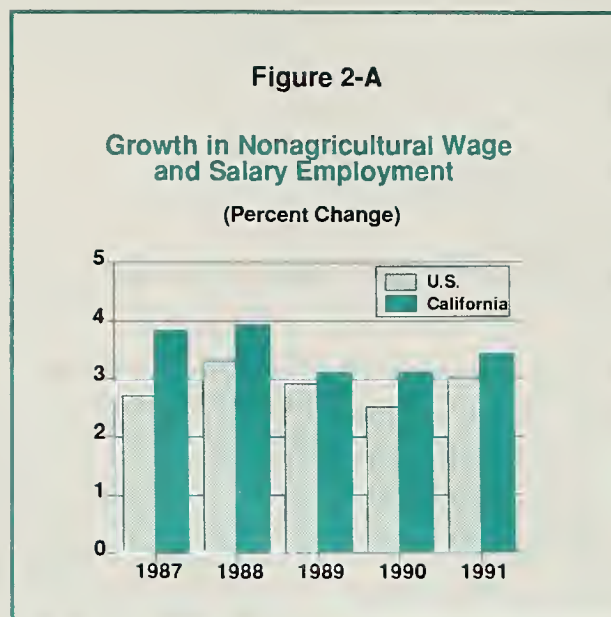
Personal income will rise by 7.1 percent in 1990, reflecting wage gains averaging slightly less than 5 percent and slower growth in interest income as interest rates ease. Dividends will also rise at a more moderate rate, reflecting the lethargic corporate profit situation. Corporate profits are already softening and are expected to be down 6.1 percent in 1990. Improved business activity in 1991 should lead to a significant rise in profits.

The California Economy

Against a background of continued, albeit moderate growth nationally, the California economy is assumed to expand moderately during 1990 and 1991. Gains in personal income, which were held down by special factors in 1989, are expected to outpace the nation both this year and next. Employment growth in the 3 to 3½ percent range (Figure 2-A) will also be moderately higher than the U.S. experience.

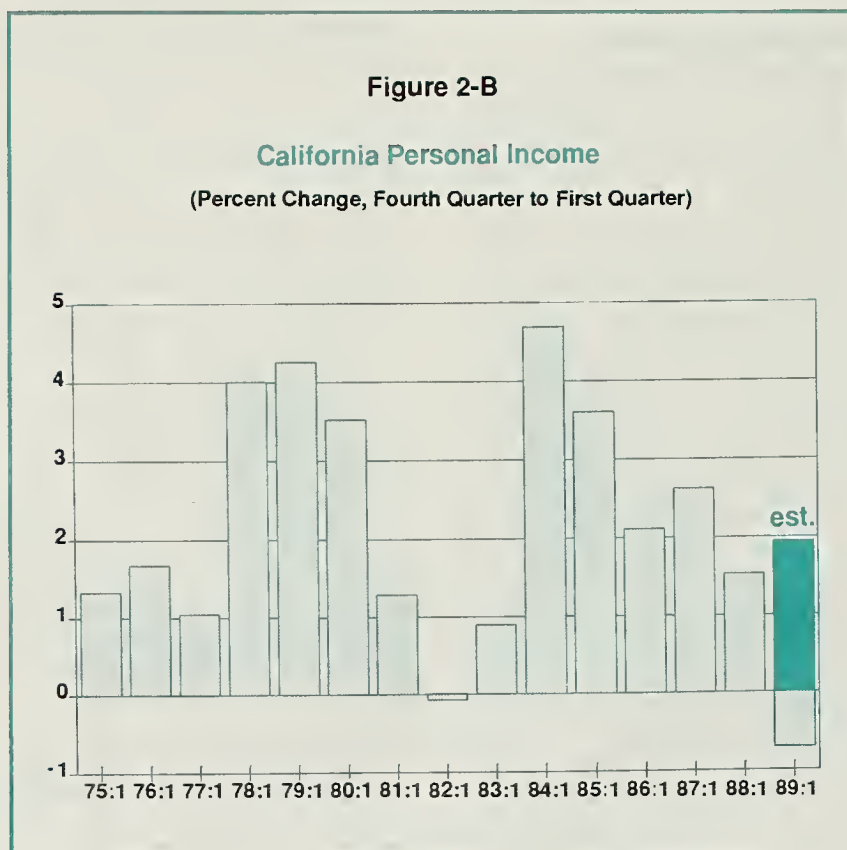
Estimates of California personal income have changed more than usual over the past year. In December 1988, when the 1989-90 Governor's Budget was initially being prepared, income for 1989 was forecast at \$568.9 billion, up 7.5 percent from the estimated 1988 level. In May, the 1989 figure was revised to \$591.8 billion, a gain of 10.6 percent. The latest estimate is \$572.1 billion, up 7.7 percent from 1988. The factors leading to this variance are discussed in the note at the end of this chapter.

Data only recently available have disclosed a major change in the



pattern of personal income and employment in California. Approximately one year ago, preliminary data for the third and fourth quarters of 1988 showed a surge in both income and employment, leading to

the conclusion that California was seeing a strong acceleration of growth. Typically, as shown in Figure 2-B, income rises between the fourth quarter of one year and the first quarter of the next. The forecast



prepared for the last May Revision assumed continuation of this pattern, and the forecast was revised up sharply.

Actual data for the first quarter, received in September, showed a sharp decline in wages and salaries. As discussed in the note, subsequent information revealed that many professionals now draw large wage payments in the final months of the year, and little, if any, income in the first six months of the following year. The perceived strength noted in May was, in effect, a statistical fluke.

The current economic assumptions incorporate the new payment pattern. Income growth (apart from the anticipated 1990 earthquake rebound) is slow in the first half of each year, with a strong gain in the fourth quarter as professionals and small businesses pay out balances remaining in their corporations.

Excluding the several factors which distorted California data in 1989, it appears that the underlying growth in the state's personal income exceeded the national gain by about 1/2 percent. The basic trend for 1990 is expected to be similar, but the special elements in the California data will serve to boost rather than depress income gains.

Earthquake recovery and rebuilding will account for 0.5 to 0.6 percent of 1990's projected 8.8 percent income gain. The timing of bonus payments—assumed similar in 1990 to the 1989 pattern—will no longer subtract half a percent from income growth. Thus, about two-thirds of the 1.7 percentage point difference between U.S. and California personal income growth this year can be attributed to these special situations. In 1991, income growth of 8.4 percent is slightly above the expected national gain. Figure 2-C compares U.S. and California income growth from 1987 to 1991.

Economic growth this year and next is expected to be fairly well-balanced. While there are few areas of outstanding strength, neither are there sectors of profound weakness. The latter months of 1989, for example, saw renewed gains in manufacturing employment, even as the nation was suffering through an eight month decline in the number of factory jobs.

The aerospace sector is beginning to feel some modest effects of reduced Defense Department contracting. Employment in the aircraft, missile and space, and aerospace instruments industries fell 11,000 (less than 3 percent) in 1989, following a drop of 5,000 the previous

“Economic growth this year and next is expected to be fairly well-balanced. While there are few areas of outstanding strength, neither are there sectors of profound weakness.”

Figure 2-C
Growth in Personal Income
(Percent Change)

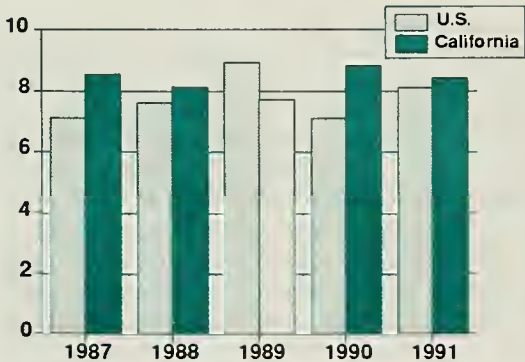
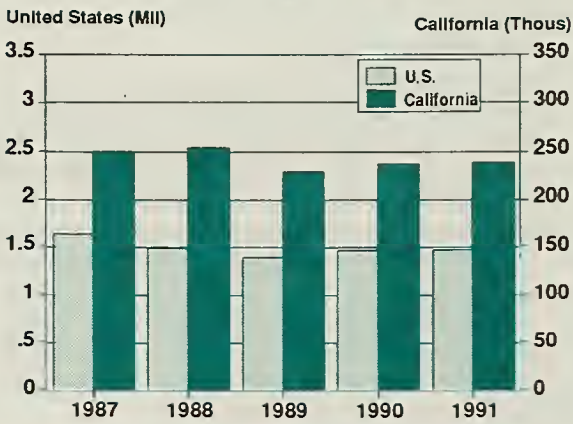


Figure 2-D
New Housing Units



year. The pattern within the sector, however, has been uneven. Reflecting booming commercial demand, aircraft manufacturing has continued to grow despite the close-down of the B-1 bomber program. Private and government space outlays have maintained employment in the missile and space vehicle industry. Weakness has been concentrated in the instruments industry.

There are long lags between Defense Department budget developments and employment effects in California. Thus, reductions in the 1992-94 budgets, now under discussion, would not affect California until later in this decade. Developments in Eastern Europe, which may lead to reduced conventional ground forces, will have a relatively small impact on the state's defense industry. In any case, defense-related manufacturing is only about half as

important today for our economy as it was in the late 1960s.

Electronics is likely to feel the effects of a slowdown in business investment spending in 1990, but 1991 should see some pickup in activity. Slack in high technology continues to be offset by gains in other manufacturing industries. Overall, manufacturing employment is expected to see little change in 1990, rebounding to a 1½ percent gain in 1991.

Prospects for construction will be boosted by the repair and rebuilding efforts following the earthquake. Insurance, federal assistance and private and government loans will pump close to \$5 billion into quake related construction activity over the next two to three years.

In addition, ongoing demand for housing remains strong, and the prospect for further declines in interest rates should result in a modest

pickup in homebuilding activity to about 236,000 units this year from 228,000 in 1989. Figure 2-D highlights the ongoing strength in California. Activity continues to focus on the more affordable inland areas of the state. California—along with much of the nation—is currently well supplied with office, hotel and retail space. It is likely that nonresidential activity will remain soft over the next two years.

Services employment is expected to maintain the recent 5 percent growth rate this year and next. Government and wholesale and retail trade employment will roughly match the 3 to 3½ percent overall rate of job growth over the next two years. Growth in utility and financial sector employment will continue to lag.

Table 2-1 summarizes the major economic assumptions prepared for the 1990-91 Budget.

Note on California Income and Employment

Several special factors distorted California personal income and employment data in 1988 and 1989. The difference is more than explained by distortions resulting from the Northern California earthquake, a new wage payment pattern among professionals and small businesses, immigration amnesty, and the effects of recovery from the 1988 drought on national personal income growth.

The Northern California earthquake reduced income growth by about \$2 billion or 0.3 percent, reflecting one-time charges against rental and proprietors' income representing damage to structures. Rental income in this case includes rent imputed to homeowners. Wage losses due to the quake were relatively small, and were largely offset by rebuilding and repair efforts in the utility and construction sectors.

National personal income figures were boosted last year by drought recovery effects in farm income, which added 0.6 percent to U.S. growth. California agriculture was not adversely affected by the drought—in some cases, higher prices actually benefitted farm income—and there were no drought recovery effects included in the state income estimates.

California income figures have also been distorted by a new pattern of wage payments. Federal income tax reform has made it advantageous for many professionals and small businesses to recognize income as wages rather than deferred compensation or profits. Most of these extra wages are paid at year end. Following these payments, many principals apparently chose to draw little or no income from their corporations during the first half of 1989. As a result, for the first time since the 1982 recession, California personal income declined during the first quarter of 1989, and grew only modestly during the second quarter. National personal income data do not as yet reflect this new pattern, and instead maintained a stronger pace of growth during the first half of 1989.

The payments may have also affected employment data, as many principals only counted themselves as "employed" during the months they drew their bonuses. Immigration amnesty also provided an extra boost to employment in 1988, which was lacking last year. Amnesty provided an incentive for both employers and employees to establish a documented employment history, and many previously unreported workers appear on payrolls for the first time in 1988.

Table 2-1
Selected Economic Data, 1989 to 1991
(Dollars in Billions)

	1990			1991	
	1989 (Estimated)	Amount	Percent Change	Amount	Percent Change
UNITED STATES					
Real gross national product (1982\$).....	\$4,142.5	\$4,228.0	2.1	\$4,349.3	2.9
Personal consumption expenditures.....	2,669.4	2,739.8	2.6	2,813.1	2.7
Gross private domestic investment.....	728.7	734.2	0.8	770.0	4.9
Net exports	—62.8	—68.2	—	—60.5	—
Government purchases of goods and services..	807.3	822.2	1.9	826.8	0.6
GNP Deflator (1982=100)	126.3	131.4	4.1	137.3	4.4
GNP (current \$)	\$5,230.9	\$5,558.0	6.3	\$5,971.0	7.4
Personal income.....	\$4,424.8	\$4,737.7	7.1	\$5,122.9	8.1
Corporate profits before taxes	\$282.5	\$265.2	—6.1	\$299.4	12.9
Wage and salary employment (thousands)	108,620	111,330	2.5	114,650	3.0
Unemployment rate (%)	5.2	5.2	—	5.0	—
Housing starts (millions)	1.39	1.46	4.9	1.47	0.7
New car sales (millions)	10.1	9.9	—1.0	10.4	4.8
Consumer price index (1982–84=100)	123.9	129.4	4.5	136.0	5.1
CALIFORNIA					
Civilian labor force (thousands).....	14,331	14,786	3.2	15,228	3.0
Civilian employment.....	13,601	14,029	3.1	14,459	3.1
Unemployment	730	757	3.7	769	1.6
Unemployment rate (%)	5.1	5.1	—	5.1	—
Wage and salary employment (thousands)	12,515	12,899	3.1	13,333	3.4
Personal income.....	\$572.1	\$622.7	8.8	\$675.2	8.4
Housing units authorized (thousands).....	228	236	3.4	237	0.2
Corporate profits before taxes	\$52.3	\$57.3	9.6	\$62.2	8.6
New auto registrations (thousands)	1,475	1,470	—0.3	1,480	0.7
Total taxable sales	\$269.8	\$287.1	6.4	\$312.5	8.8
Consumer price index (1982–84=100)	128.0	134.1	4.7	141.3	5.4

Note: Percentage changes calculated from unrounded data.

Revenue Estimates

Our Administration understands that it's big goals, not big government, that makes California the great state it is. I've always believed that a strong and prosperous California depends on many things. It depends on common sense fiscal and taxation policies. It depends on a healthy and dynamic business climate. And it depends on people and organizations cooperating to overcome the many challenges that face our state.

Governor George Deukmejian
April 1989

As noted in last year's budget, the Federal Tax Reform Act of 1986, the state's federal conformity legislation in 1987, and the stock market crash of 1987 have contributed to a very difficult environment for forecasting revenues. The last year has, indeed, been just as difficult with economic uncertainty replacing legislation as the focus of potential variability. Current year collections, are expected to be down approximately \$500 million or 1.2 percent from the 1989-90 spring forecast. The revisions in the economic forecast are the major contributor to the lower revenue estimate. This forecast assumes that the current economic softness we are experiencing will not continue and that 1990 will be a stronger year for revenues.

Capital gains remains an important revenue source for the personal

income tax. Recent considerations of law change by the Congress have introduced new uncertainty into the forecast. There has been considerable discussion as to the appropriate tax strategy for taxpayers with large incomes. The two primary questions are: (1) will the Congress enact special capital gains treatment next year; and (2) will the Congress raise the tax rates on non-capital gains income to pay for the special treatment? How taxpayers decide to respond to these questions will impact personal income tax receipts in both the current and budget years.

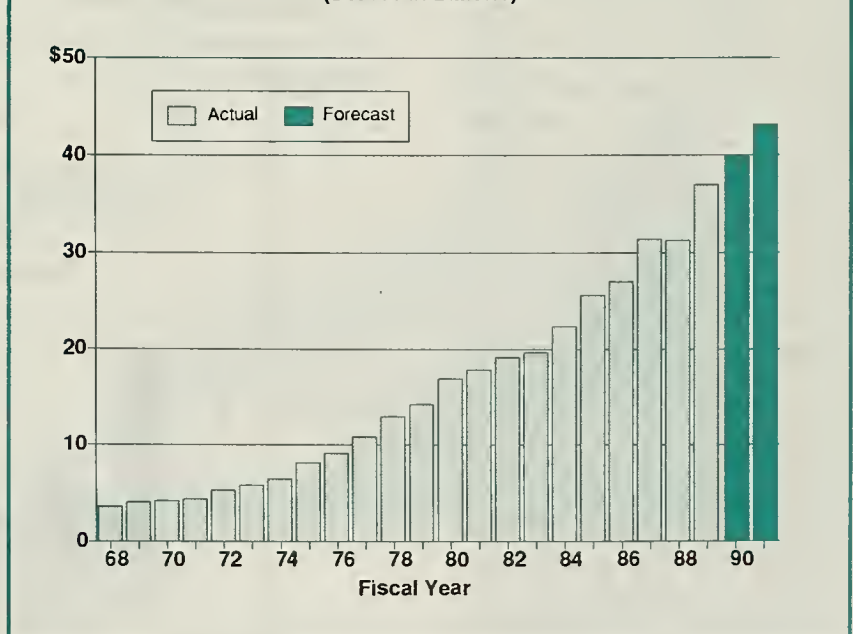
Overall, General Fund revenues and transfers, which represent about 85 percent of total revenues, will amount to \$39.8 billion in the current fiscal year and \$43.1 billion, or 8.4 percent more, in the budget year. Figure 3-A shows the trend in actual General Fund revenues for the past 21 years. It also includes estimated collections during the current and budget years. Special funds are expected to be \$7.3 billion and \$7.9 billion, respectively, for the two fiscal years.

Regrettably, this year the potential risks for error in the forecast are as

Figure 3-A

General Fund Revenues

(Dollars in Billions)



great as they have been in recent years. One factor contributing to this continued volatility is the 1987 change which started taxing 100 percent of capital gains. This change should increase volatility since these gains typically are business decisions under the control of the taxpayer thereby making this tax even more difficult to forecast.

Another major factor contributing to General Fund volatility in recent years is the mix of revenues contributing to General Fund receipts. Ten years ago we obtained about half of the General Fund revenue from stable sources, such as sales, insurance and alcoholic beverage taxes. In the 1990-91 fiscal period, these predictable sources represent only about 40 percent. The remaining 60 percent is made up of personal and corporate income tax receipts. These taxes have been good revenue producers during this period, both showing good overall growth, but they have been difficult to forecast.

General Fund

Personal Income Tax— \$19,050,000,000.

The California personal income tax, which contributes almost 45 percent of all General Fund revenues, is closely modeled after the federal income tax law. It is imposed on net taxable income, that is, gross income less exclusions and deductions. The tax is progressive with rates ranging from 1 to 9.3 percent. Personal, dependent and other credits are allowed against the gross tax liability. In addition, taxpayers may be subject to an alternative minimum tax (AMT) which is much like the federal AMT. This is designed to ensure that excessive use of tax preferences does not reduce taxpayers' liabilities below some minimum level. The AMT is equal to 7 percent of the alternative minimum taxable income that exceeds an exemption amount.

The personal income tax is adjusted annually by the change in the consumer price index to prevent taxpay-

ers from being pushed into higher tax brackets without a real increase in income.

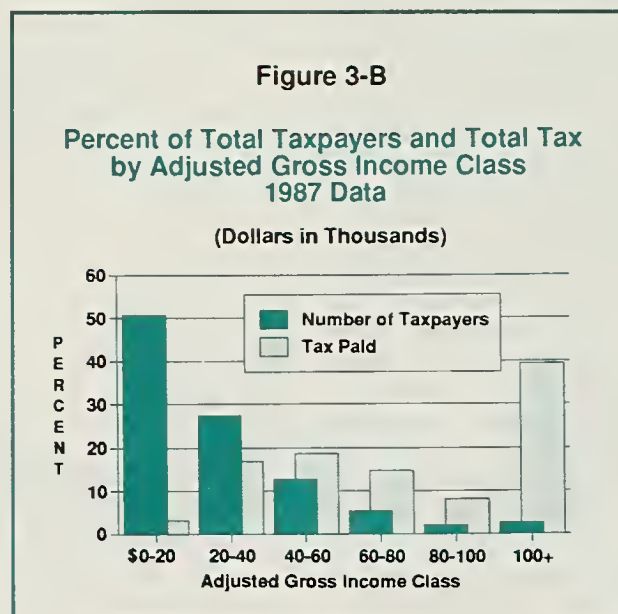
Legislation signed in 1987 restructured the state's personal income tax to closely conform with federal law, thus simplifying state tax return preparation. The full impact of that legislation will not be felt for several years since many of the provisions were phased in over time.

The difficulty of forecasting personal income tax receipts is enhanced by the progressive nature of the tax. One dollar of income on a high income tax return can generate 9.3 times the revenue from a dollar on a low income return. In addition, very high income taxpayers usually have a great deal of discretion over the realization of income and the timing of deductions. Thus, substantial changes in the portfolios or tax planning of relatively few taxpayers can have a dramatic impact on state revenues. In 1987, for example, the top 2.5 percent of state taxpayers, those with adjusted gross incomes of over \$100,000, paid nearly 40 percent of the personal income tax. This is demonstrated in Figure 3-B which shows the percent of total returns and tax paid by adjusted gross income class.

Personal income tax revenue forecasting has also been greatly com-

plicated by the volatility of capital gain realizations. Year-to-year growth rates in capital gains over the 10 year period prior to tax reform have ranged from a positive 61 percent to a negative 4 percent. Realization of gains has been even more erratic since tax reform eliminated the exclusion previously allowed and made gains fully taxable. Sales of capital assets were up nearly 67 percent in 1986 and down over 55 percent in 1987. Now, due to the full taxation of gains and the rapid appreciation of assets in recent years, capital gains have become a much larger proportion of the personal income tax base. Thus, sales of capital assets have been a significant contributor to the fluctuations of personal income tax revenue over the last three years and will contribute to increased volatility in the future. The forecast assumes capital gains realizations grew by 10 percent in 1989 and will grow by 13 percent in 1990. Much continues to depend upon taxpayer expectations regarding federal law changes next year, since Congress appears likely to revisit the capital gains question in 1990. If a federal preference is enacted, a substantial increase in sales can be expected.

The income component of the economic forecast forms the basis for the personal income tax forecast.



Capital gains income, which is not part of the national income accounts, is forecast separately using real economic activity and stock market trends. Real estate activity in the state is also used as a guide. Figure 3-C displays the trends in stock market activity and capital gains since 1976.

The unusually strong growth experienced in the 1988–89 personal income tax collections is not yet fully understood. For the 1988 tax year, liabilities grew by over 20 percent in contrast to an 8 percent increase in personal income. Other states and the federal government do not seem to have experienced comparable revenue growth. These disparities could be partially explained if California capital gains income (which is not reflected in the personal income figures) substantially outpaced other income and gains in the rest of the nation. The Department of Finance believes that this was a factor in last year's revenue growth.

Growth in Subchapter S corporations appears to have been another factor, exceeding estimates by a substantial margin. These firms may pass through income earned by the corporation to their shareholders and be taxed only at the personal income tax level. Thus, bank and corporation tax revenues are reduced and personal income tax receipts are increased.

Another portion of last year's gain is believed to be attributable to one-time occurrences. The 1988 tax year was the first year in which the maximum federal tax rate dropped to 28 percent. High income taxpayers who were concerned that federal rates would increase in future years due to budget pressures may have accelerated income into and deductions out of 1988 in order to take maximum advantage of the low rate. Many tax practitioners were advising clients to follow this approach. This is not expected to reoccur in the current or budget year. Undoubtedly

there are other factors and taxpayer behavioral adjustments due to the new tax laws which have contributed to the dramatic swings in personal income tax revenues in recent years. Several year's experience under the new laws will be necessary to fully understand the implications of the multitude of changes.

Overall personal income tax revenues in 1990–91 are expected to increase 9.6 percent from the current year levels. Adjustments to the baseline forecast include:

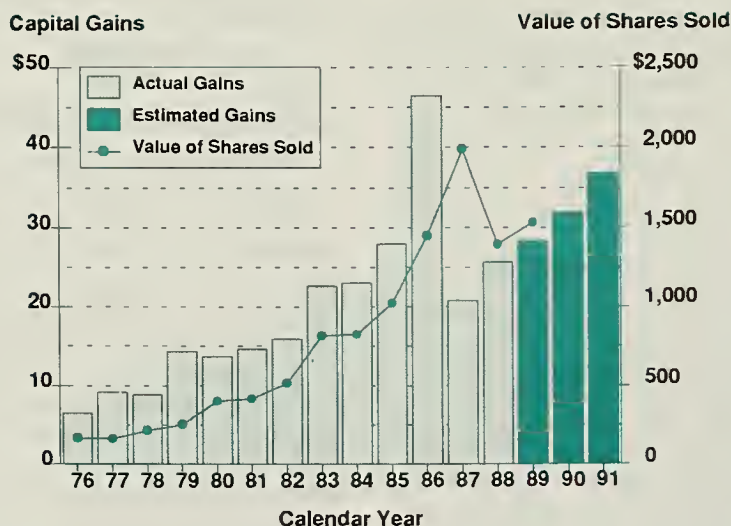
- Casualty losses due to the earthquake, including the full carryover of those losses for 5 years as provided in Chapters 15 and 16, First Extraordinary Session of 1989, reduced the forecast by \$33 million in the current year and \$27 million in the budget year.

“Personal income tax revenue forecasting has also been greatly complicated by the volatility of capital gain realizations.”

Figure 3-C

Capital Gains and Value of Shares Sold on New York Stock Exchange

(Dollars in Billions)



- Legislation signed in 1989, allowed unallocated low-income housing credits from 1987 to be used beginning in 1990. This is expected to reduce revenue by \$6.75 million in 1990-91.
- Legislation signed in 1989, extended the state's low-income housing credit program, resulting in a personal income tax loss of \$5.3 million in the budget year.
- Legislation signed in 1989, provided personal income tax and bank and corporation tax incentives for ridesharing. This legislation should reduce personal income tax revenues by \$2 million per year in both the current and budget years.
- Recent federal legislation, to which California conforms, allowed self-employed persons to deduct one-half of their social security payments. This is expected to reduce 1990-91 receipts by \$100 million.
- Additional audit and collection staff for the Franchise Tax Board are expected to increase 1989-90 year-end accruals by \$24 million and increase budget year revenues by \$81 million.

Estimated revenues for the current and budget years, compared with actual collections in 1988-89, are:

(Dollars in Millions)

1988-89 (Actual)	\$15,886
1989-90 (Estimated)	17,375
1990-91 (Estimated)	19,050

Sales Tax—\$14,485,000,000.

The sales tax is imposed upon retailers for the privilege of selling tangible personal property in California. Most retail sales and leases are subject to the tax. However, exemptions have been provided for certain essentials such as food for home consumption, prescription drugs, gas, electricity and water. Other exemptions provide relief for a variety of sales ranging from candy to aircraft.

Table 3-1

Counties Authorized to Impose Additional Local Sales Tax Rates

<i>County</i>	<i>Combined State and Local Rate * (Percent)</i>
Alameda	7.0
Contra Costa	7.0
Fresno	6.5
Imperial	6.5
Inyo	6.5
Los Angeles	6.5
Monterey	6.5
Riverside	6.5
Sacramento	6.5
San Benito	6.5
San Bernardino	6.5
San Diego	7.0
San Francisco	7.0
San Mateo	7.0
Santa Barbara	6.5
Santa Clara	7.0
Santa Cruz	6.5

* In addition to these rates, a .25 percent state tax will be assessed from December 1, 1989 through December 31, 1990 for the purpose of funding earthquake relief.

The breakdown of the 6 percent rate currently imposed is:

- 4.75 percent represents the State tax rate;
- 1 percent is for cities and counties;
- 0.25 percent is for county transit systems.

An additional 0.5 percent rate is levied by various transit districts for the support of public transit systems.

There has also been a move over recent years for counties, subject to voter approval, to increase their sales tax rates to provide additional funding, particularly for transportation, but also for other purposes. These levies are in addition to any existing transit district taxes, bringing the combined sales tax rate for these counties to 6.5 or 7 percent. As of the November 1989 general election, 17 counties were authorized to

levy these additional rates as noted in Table 3-1.

The sales and use tax forecast is prepared by relating taxable sales by type of sale to various economic factors such as disposable personal income, housing starts, employment and inflation. A summary of the forecast is presented in Table 3-2.

For the first half of calendar year 1989, total taxable sales were up 7.7 percent. Overall, all sectors performed well with building materials and furniture sales showing particular strength, increasing 10.6 percent and 9.5 percent, respectively. Fuel prices, after being relatively constant for two years, increased 23 cents per gallon from the first quarter 1989 to the second, bringing the growth for that sector up 10.5 percent for the first half of the year. Since that time, fuel prices have eased back down to the prior year level. It is estimated that fuel prices

will be stable throughout the forecast period, increasing moderately. Motor vehicle sales have continued to be a major factor for California revenues, representing almost one-fifth of the sales tax revenue base. (See Figure 3-D which contains a percentage breakdown of major components.) The forecast assumes that the growth in this com-

ponent will be weak during early 1990, picking up again during the budget year.

As can be seen in Figure 3-E, taxable sales, adjusted for inflation, have grown at a relatively constant rate since recovering from the last recession. This taxable sales trend is expected to continue through the budget year, with a slight softening during the 1989-90 fiscal year,

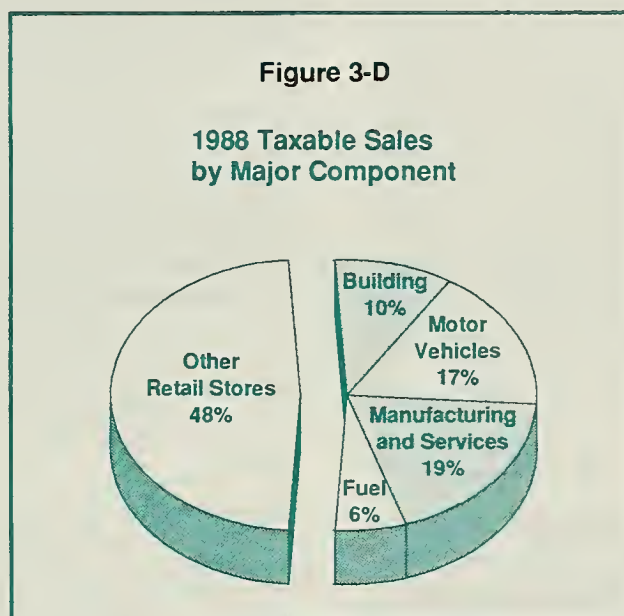


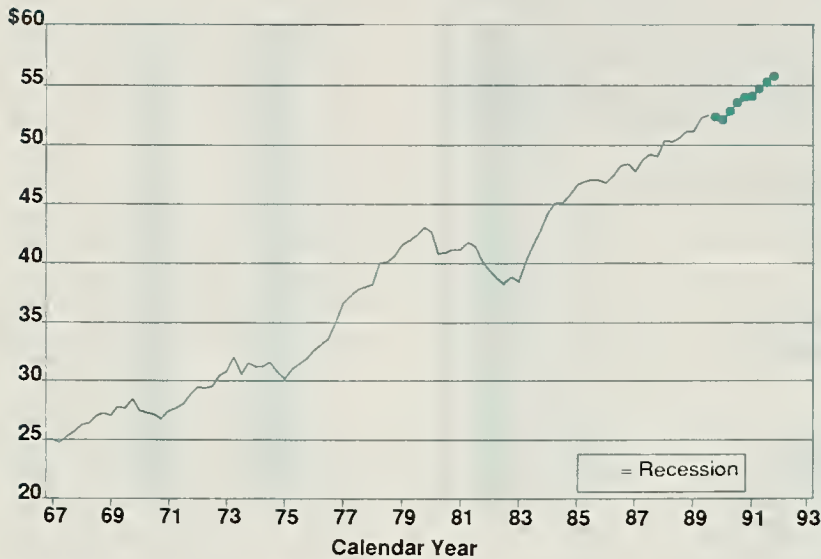
Table 3-2

Taxable Sales in California
(Dollars in Millions)

	<i>1988 Actual</i>	<i>1989 Estimated</i>	<i>1990 Estimated</i>	<i>1991 Estimated</i>
Motor vehicle dealers, auto repairs and parts, etc.	\$41,416	\$44,760	\$46,400	\$50,900
Percent change	7.9	8.1	3.3	9.7
Producers and refiners of petroleum, service stations, etc.	15,805	17,140	17,550	18,820
Percent change	6.8	8.4	2.4	7.2
Building materials including contractors.	26,101	28,560	30,160	32,500
Percent change	10.6	9.4	5.6	7.8
Manufacturing and services	47,926	50,860	55,150	60,460
Percent change	9.3	6.1	8.4	9.6
All other retail stores	119,836	128,460	137,860	149,810
Percent change	7.7	7.2	7.3	8.7
Total Taxable Sales	\$251,084	\$269,780	\$287,120	\$312,490
Percent change	8.3	7.4	6.4	8.8

Figure 3-E

Taxable Sales in California
(Constant 1982 Dollars in Billions)



Estimate begins fourth quarter 1989

largely impacted by the estimated slowdown in building materials and automobile sales.

Existing law requires that a transfer be made from the Retail Sales Tax Fund to the Transportation Planning and Development (TP&D) Account based on a formula which determines whether the sales tax, at 4.75 percent of all items, generates more revenue to the General Fund than the prior tax law which taxed all items, excluding gasoline, at 5 percent. Current law additionally specifies that all state revenues from the sales tax on diesel fuel sales be transferred to the Account. Pursuant to this, it is estimated that \$87 million will be transferred to the TP&D Account during 1989-90, increasing to \$93 million during 1990-91.

Legislation enacted in the First Extraordinary Session of 1989 increased the state sales tax rate from 4.75 percent to 5 percent, effective December 1, 1989 through December 31, 1990, for the purpose

of funding earthquake relief. It is estimated that this temporary .25 percent tax will generate a total of \$785 million—\$350 million in the current year and \$435 million in the budget year—to be deposited in the newly created Disaster Relief Fund.

General Fund revenues for the current and budget years, compared with actual collections in 1988-89, are:

(Dollars in Millions)	
1988-89 (Actual)	\$12,577
1989-90 (Estimated)	\$13,410
1990-91 (Estimated)	\$14,485

Bank and Corporation Tax—\$5,880,000,000.

Bank and corporation tax revenues are actually derived from four taxes:

- The franchise tax and the corporate income tax are levied at a 9.3 percent rate on profits. The former is imposed on corporations for the privilege of doing business in Cal-

ifornia, while the latter is imposed on corporations which do not do business in the state but which derive income from California sources. These are primarily firms engaged wholly in interstate commerce and holding companies.

- Banks and other financial corporations pay an additional tax (i.e., "Bank Tax") on their net income. This tax is in lieu of all state and local taxes except those on real property, motor vehicles and business licenses. The current rate for this tax is approximately 1.4 percent.
- The alternate minimum tax is similar to that in federal law. This tax is imposed at a rate of 7 percent beginning with the 1988 tax year. In prior years, California imposed a tax on preference income.
- A minimum franchise tax of \$300 is imposed on corporations subject to the franchise tax but not those subject to the income tax. This tax increased to \$600 for the 1989 tax year and \$800 for subsequent years.

Since the tax is a function of corporate profits, the relationship of California profits to the national corporate profits forecast is important. However, the relationship is not precise because business activity in California may differ from that of the nation. Further, state tax law defines profits differently than standard business accounting, and national profits, as represented by the economic forecast, are the net of all gains and losses, whereas reported taxable profits are gains only.

The preparation of the forecast involves consideration of the level of employment, the trends of non-corporate business income, interest rates and inflation. In addition, the forecast of California taxable profits for 1989 is influenced by actual estimated payment revenues.

Figure 3-F shows the trend in taxable profits from 1964 to date. The rapid growth since the mid-70's is clearly apparent, as are the 1970 and 1981 recessions. This forecast assumes some slowing in the cur-

rent year with a very good recovery in the budget year.

The Federal Tax Reform Act of 1986, which was signed into law in October 1986, made significant changes to federal law. The state's revenues were positively impacted in the 1986-87 fiscal year as some taxpayers made additional state tax payments to take a deduction against the higher old tax rates. In September 1987, the California Bank and Corporation Tax Fairness, Simplification, and Conformity Act was enacted. This law adopted many of the new federal provisions and substantially revised California law. Nevertheless, significant differences between the laws still exist; for example, accelerated depreciation schedules were not adopted. Although designed to be revenue neutral, the actual impact of the bill is not totally clear.

Although there were a number of bills passed in 1989, only three had

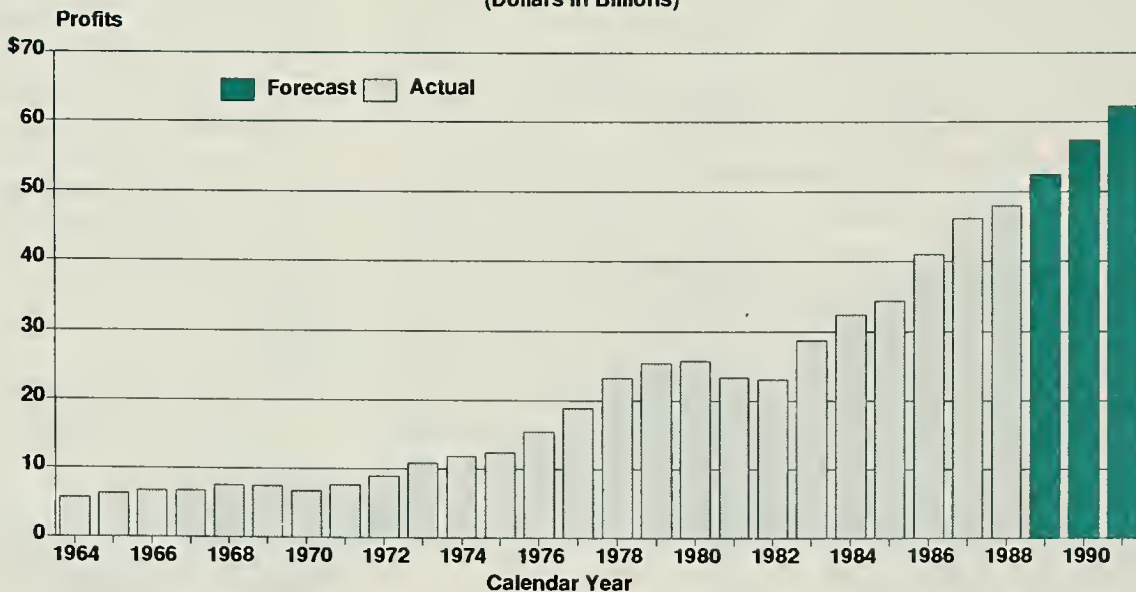
a significant revenue impact on this tax in the current and budget years. Chapter 15 (SB 34), First Extraordinary Session, 1989 and Chapter 16 (AB 36), First Extraordinary Session, 1989 provided for earthquake relief, reducing General Fund revenues in the current and budget years by \$28 million and \$9 million, respectively. Chapter 46 (SB 70), Statutes of 1989, allowed unallocated low-income housing credits from 1987 to be used beginning in 1990. This will reduce General Fund revenues by \$5 million in the budget year. Other legislation had minor fiscal impact. In addition to legislation, improved management and processing procedures are expected to generate \$15 million in the current year and \$9 million in the budget year.

In addition to the General Fund revenue, it is forecast that the Unitary Fund revenue from fees paid by international corporations electing to base their profits on their U.S.

***“ This
forecast
assumes some
slowing in
the current
year with a
very good
recovery in
the budget
year.”***

Figure 3-F
Bank and Corporation Tax
Taxable Profits

(Dollars in Billions)



operations rather than worldwide will total \$30 million in the current year and \$20 million in the budget year. Estimated General Fund revenues for the current and budget years, compared with actual collections in 1988–89, are:

(Dollars in Millions)

1988–89 (Actual).....	\$5,138
1989–90 (Estimated)	5,235
1990–91 (Estimated)	5,880

Insurance Tax—\$1,273,000,000.

The majority of insurance written in this state is subject to a 2.35 percent gross premium tax. This premium tax takes the place of all other state and local taxes except those on real property and motor vehicles. Exceptions to the 2.35 percent rate are certain pension and profit-sharing plans which are taxed at the lesser rate of 0.50 percent, surplus lines at 3 percent and ocean marine insurers at 5 percent of underwriting profits.

An annual survey conducted by the Department of Finance is used to project insurance premium growth. Responses were obtained from 292 insurance companies, accounting for over one-half of the insurance written in California. The growth rate in taxable premiums is expected to continue to be moderate, down significantly from the double-digit experience of recent years. For 1988, \$48.1 billion in taxable premiums were reported, while the results of the most recent survey indicate that taxable premiums will total \$49.9 billion in 1989 (3.7 percent over 1988) and \$52.2 billion in 1990 (a 4.6 percent increase).

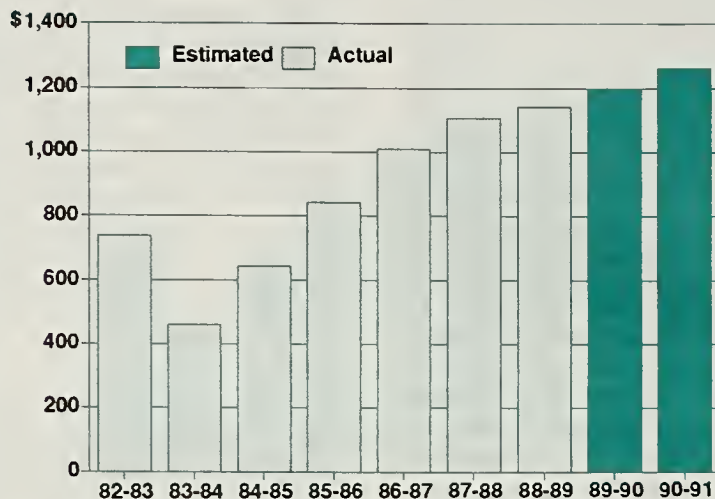
In addition to the revenue from taxable premiums, the conclusion of litigation resulted in revenue of \$178 million during 1988–89. While no revenue is expected to be realized from the litigation during 1989–90, an additional \$13 million is anticipated in 1990–91.

The growth in insurance tax revenues from 1982–83 through 1990–91 is illustrated in Figure 3-G. Figure 3-H illustrates the premiums by insurance type from which the revenue is derived.

Figure 3-G

Insurance Tax Revenue 1982-83 through 1990-91

(Dollars in Millions)



Note: A one-time fifth prepayment was received in 1982-83. Excludes the effect of litigation 1987-88 thru 1990-91.

The estimated revenue for the current and budget years, compared with actual revenue for 1988–89, is:

(Dollars in Thousands)

1988–89 (Actual).....	\$1,317,630
1989–90 (Estimated)	1,194,000
1990–91 (Estimated)	1,273,000

Estate/Inheritance/Gift Taxes— \$397,000,000.

Proposition 6, an initiative measure adopted by the voters on June 8, 1982, repealed the inheritance and gift taxes and imposed an estate tax designed to pick up the maximum credit allowed against the federal estate tax, otherwise known as the "pick up tax." This tax does not increase the liability of the estate due to the fact that it would otherwise be paid to the federal government. The date of death of the decedent or the date a gift is made determines which tax laws prevail. As a result of Proposition 6, taxes from this source dropped 52 percent between fiscal years

1982–83 and 1983–84, and are projected to be 25 percent below the 1982–83 level in the budget year.

For state tax purposes, the former inheritance and gift taxes apply to deaths and gifts occurring prior to June 8, 1982, whereas transfers attributable to deaths on or after that date would only be subject to the federal credit. After several years of slow decline, collections from inheritance and gift taxes are now falling off more quickly, indicating that most claims against deaths prior to June 8, 1982 have been settled. As the backlog of old claims are settled, future revenues will be the result of the federal credit. See Figure 3-I which displays this trend since 1983. The "pick up tax" is computed on the basis of the federal "taxable estate" and tax rates range from 0.8 to 16 percent.

The estimated revenue for the current and budget years, compared to actual revenue for 1988–89, is:

(Dollars in Thousands)

1988-89 (Actual)	\$335,092
1989-90 (Estimated)	371,000
1990-91 (Estimated)	397,000

Cigarette Tax—\$151,000,000.

The excise tax imposed on distributors selling cigarettes in the State was increased to 35 cents per package, effective January 1, 1989, as a result of voter approval of Proposition 99. At the same time, an excise tax on cigars, chewing tobacco, pipe tobacco and snuff was implemented at a tax rate equivalent to the tax on cigarettes. Twenty-five cents of the tax per package of cigarettes, and all of the tax on the other tobacco products, is allocated to a special fund for distribution as determined by the measure. Ten cents of the tax per package of cigarettes is allocated 30 percent to local governments, with 70 percent going to the state General Fund.

Projections of total and per capita consumption of cigarettes provide the basis for the cigarette tax estimate. Per capita consumption has been on a decline in recent years and this decline is expected to continue through the budget year. Per capita consumption in 1989-90 is expected to decrease 6.8 percent from 1988-89 and drop another 4.5 percent in 1990-91. The estimated

increase in population will not offset the decline in per capita consumption, resulting in declines in total consumption of approximately 4 percent in the current year and 2.5 percent in the budget year. Wholesale price data provide the basis for the revenue estimate for other tobacco products. Tobacco industry data indicate that Californians consume 9 percent of the pipe tobacco, 7 percent of the cigars, 5.6 percent of the snuff, and 1.4 percent of the chewing tobacco sold nationally. It is estimated that declines in total consumption of other tobacco products will be similar to the projections made for cigarettes.

Taxable distributions of cigarettes in 1988-89 amounted to 2.35 billion packs; 2.24 billion packs are projected for 1989-90 and 2.18 billion packs for 1990-91. The taxable wholesale values of other tobacco products to be sold in the state in 1989-90 are estimated at \$66.6 million and are expected to grow to \$67.8 million in 1990-91, with price increases projected to more than offset declines in consumption. Per capita consumption of cigarettes is illustrated in Figure 3-J. Cigarette and tobacco tax revenues from 1982-83 through 1990-91, including the impact of the constitutional amendment, are illustrated in

“Per capita consumption has been on a decline in recent years and this decline is expected to continue through the budget year.”

Figure 3-H

Insurance Tax Premiums by Category

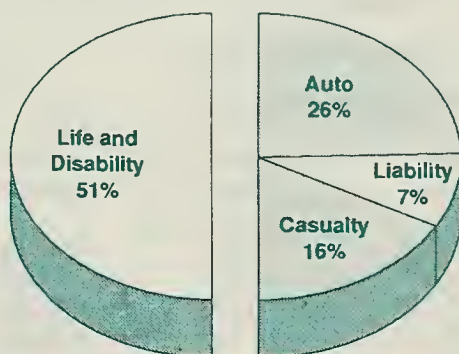


Figure 3-I

Estate, Inheritance, and Gift Taxes

(Dollars in Millions)

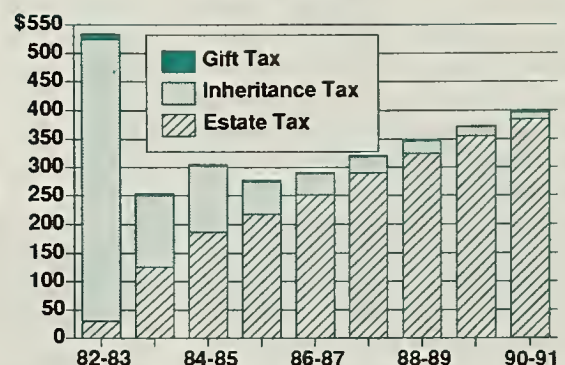


Figure 3-J

**Cigarette Consumption Per Capita
1982-83 through 1990-91**

(Data in Packs per Person)

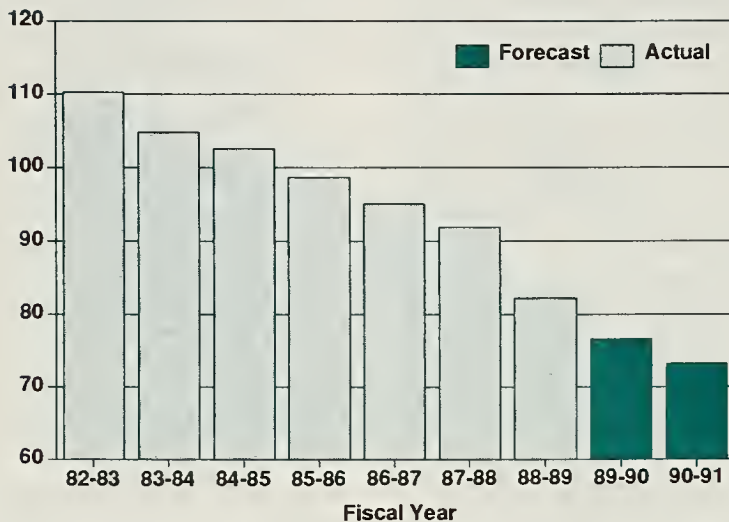


Figure 3-K. Tobacco products tax revenue estimates are shown in Table 3-3.

**Alcoholic Beverage Taxes—
\$127,000,000.**

Taxes on alcoholic beverages are levied on the sale of beer, wine and distilled spirits. Tax rates vary with the type of alcoholic beverage, as indicated below:

Beer \$0.04 per gallon
Dry wine \$0.01 per gallon
Sweet wine \$0.02 per gallon
Sparkling wine \$0.30 per gallon
Distilled spirits \$2.00 per gallon

Alcoholic beverage tax estimates are based on projections of total and per capita consumption for each type of beverage.

Total and per capita consumption of beer increased slightly last year, recovering from a modest decrease the previous year. Meanwhile, consumption of wine was down significantly, possibly due to health concerns and resistance to price

increases. Total consumption of beer is expected to grow over the next several years due to the increase in population, although per capita consumption is expected to continue a slow decline. The decline in total and per capita consumption of wine is expected to continue. A decline in total and per capita con-

sumption of distilled spirits, underway since 1981, is also expected to continue.

Total alcoholic beverage tax revenues from 1982-83 through 1990-91, are illustrated by source in Figure 3-L. Estimated per capita consumption for the current and budget years, compared with the actual for 1988-89 is shown in Table 3-4. Estimated revenues for the current and budget years, compared with the actual for 1988-89, are shown in Table 3-5.

**Horse Racing Revenue—
\$113,000,000.**

Horse racing revenue comes primarily from license fees imposed on amounts wagered by the public. The license fee revenue schedule is based upon many factors, including the amount wagered, the location of the track, the type of horse racing, the type of wager, and whether or not the wager is made on track or at a satellite facility. Other revenue sources include breakage (the odd cents not paid to winning ticket holders), unclaimed parimutuel tickets, occupational license fees, fines and penalties.

During this Administration, the level of horse racing wagering has increased almost 45 percent over the 1981 level of activity (see Figure 3-M). This was partially the result of legislation which changed the license fee schedules and increased the number of racing days per year,

Table 3-3

Tobacco Products Tax Revenue

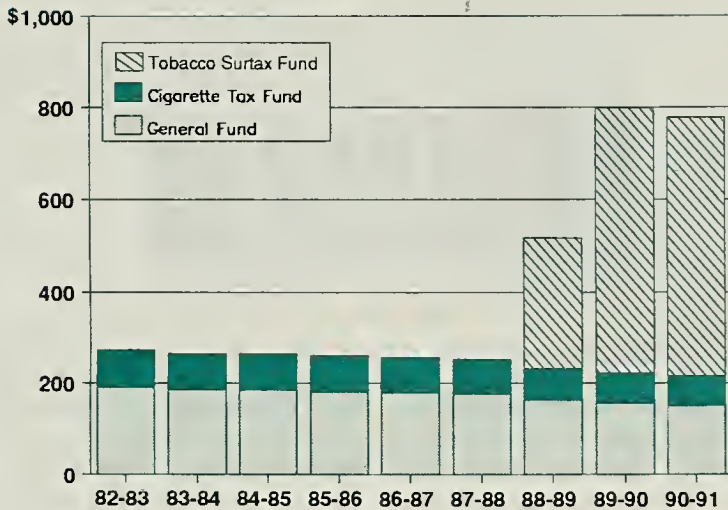
(Dollars in Thousands)

	1988-89 Actual	1989-90 Estimated	1990-91 Estimated
General Fund	\$162,221	\$155,000	\$151,000
Cigarette Fund	68,667	66,000	64,000
Tobacco Surtax	328,728	576,000	561,000
Total	\$559,616	\$797,000	\$776,000

Figure 3-K

**Cigarette and Tobacco Tax Revenue
1982-83 through 1990-91**

(Dollars in Millions)



The Cigarette and Tobacco Products Surtax became operative January 1, 1989.

“Taxes on alcoholic beverages are levied on the sale of beer, wine and distilled spirits. Tax rates vary with the type of alcoholic beverage . . .”

**Table 3-4
Per Capita Consumption
(Gallons)**

	1988-89 Actual	1989-90 Estimated	1990-91 Estimated
Beer	23.32	23.20	23.08
Dry wine	3.16	3.01	2.86
Sweet wine	.29	.28	.27
Sparkling wine	.33	.31	.29
Distilled spirits	1.69	1.64	1.59

**Table 3-5
Beer, Wine and Distilled Spirits
Revenue**

(Dollars in Thousands)

	1988-89 Actual	1989-90 Estimated	1990-91 Estimated
Beer and Wine	\$30,450	\$31,000	\$31,000
Distilled Spirits	97,814	97,000	\$96,000
Total	\$128,264	\$128,000	\$127,000

and also the result of the expansion of off-track, or satellite wagering.

During this same period, license fees on parimutuel wagering have declined over 15 percent, from 6.18 percent during the 1981 racing year to an estimated 5.24 percent in racing year 1990. This was the result of some license fee adjustments, but primarily the result of sweeping legislation in 1987 which greatly expanded satellite wagering.

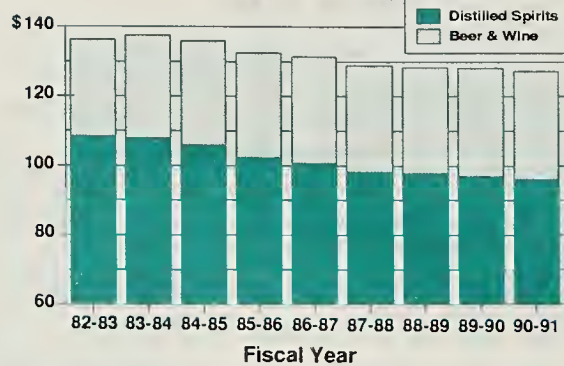
That legislation extended satellite wagering from fair locations in Northern California to fair locations in Central and Southern California. Currently over 20 facilities are in daily operation. Satellite wagering decreases license fees paid because the license fees assessed at satellite wagering facilities are less than those assessed on live racing. Thus, the blended license fee rate will continue to decline as satellite wagering expands. On a national basis, all license fees are in a declining trend, with California

ranking fourth overall. The only state exceeding California in total wagering activity is New York, with its extensive off-track betting system.

Figure 3-L

Alcoholic Beverage Tax Revenue 1982-83 through 1990-91

(Dollars in Millions)

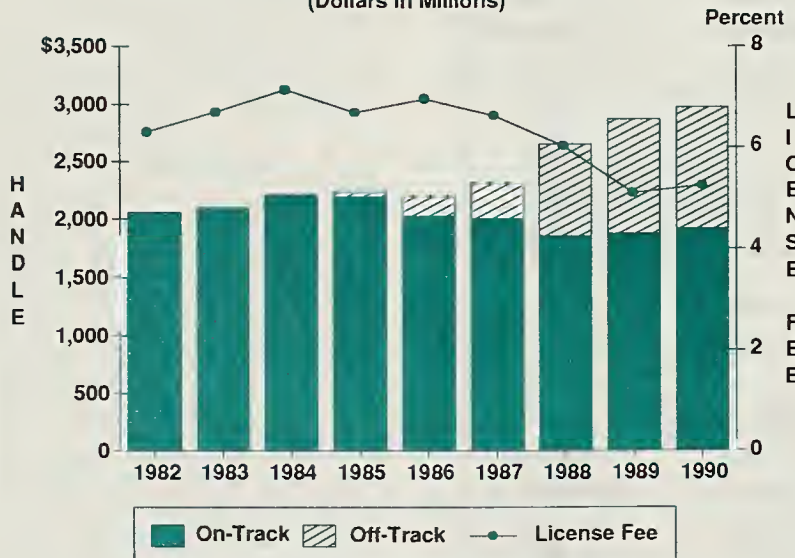


California remains the leader in on-track wagering activity. This leadership is expected to continue, and Table 3-6 provides information on total parimutuel pools and receipts from horse racing during the budget year.

Figure 3-M

Total Horse Racing Handle Combined On-and Off-Track

(Dollars in Millions)



Note: Shaded area denotes wagering activity after the enactment of SB 14.

Special Fund Revenue

The California Constitution, codes and statutes specify the uses of certain revenue. Such receipts are accounted for in various special funds. In general, special fund revenues comprise three categories of income:

- Receipts from tax levies which are allocated to specified functions, such as motor vehicle taxes and fees.
- Charges for special services to specific functions, including such items as business and profession license fees.
- Rental royalties and other receipts designated for particular purposes—for example, oil and gas royalties.

Motor vehicle related taxes and fees account for 61 percent of all special fund revenue. Principal sources of this income are motor vehicle fuel taxes, registration and weight fees, and vehicle license fees. During the

1990–91 fiscal year, \$4.9 billion will be derived from the ownership or operation of motor vehicles. Approximately \$3 billion of this revenue will be returned to local governments. The remainder will be available for various state programs related to transportation and services to vehicle owners.

Funds from the voter-approved increase in tobacco-related taxes are allocated to a special fund for distribution to a variety of accounts as determined by the measure.

Receipts for this fund are estimated at \$576 million in the current year and \$561 million in the budget year. The original 10 cents per package tax on cigarettes is allocated 70 percent to the General Fund and 30 percent to a special fund for distribution to cities and counties. It is estimated that the cities and counties portion will equal \$66 million during 1989–90 and \$64 million in 1990–91.

**Motor Vehicle Fees—
\$3,556,723,000.**

Motor vehicle fees consist of vehicle license, registration, weight, driver's license fees and various other charges related to vehicle operation.

The vehicle license fee is imposed for the privilege of operating a vehicle on the public highways in Cali-

fornia. This tax is imposed in lieu of a local personal property tax on automobiles and is administered by the Department of Motor Vehicles. All of the revenues from this tax, excluding administrative costs, are apportioned to local governments for general purpose use.

The vehicle license fee is calculated on the vehicle's "market value", which is the cost to the purchaser exclusive of sales tax, adjusted by a depreciation schedule. For motor vehicles, the schedule is based on a 10-year depreciation period; an 18-year depreciation period is used for trailer coaches. A 2 percent rate is applied to the depreciated value to determine the fee. Revenue from this source is contingent on the number of vehicles in the state, the ages of the vehicles and the original prices.

Vehicle license fee revenues increased dramatically from 1983–84 through 1987–88. This rapid growth was due to the economy moving into a strong recovery period coupled with a change in the depreciation schedule. New vehicle sales remained exceptionally strong for this period due to pent-up demand and dealer incentives. Also, over this period, Californians purchased a proportionally larger number of vehicles than would be expected based on national trends.

“Funds from the voter-approved increase in tobacco-related taxes are allocated to a special fund for distribution to a variety of accounts as determined by the measure.”

Table 3-6
Horse Racing Revenue
(Dollars in Thousands)

	<i>1988–89 Actual</i>	<i>1989–90 Estimated</i>	<i>1990–91 Estimated</i>
Amount			
Wagered:	\$2,651,996	\$2,866,000	\$2,971,000
Receipts:			
General Fund	\$102,584	\$106,000	\$113,000
Fair & Exposition Fund	29,243	26,000	26,800
Satellite Wager Account	10,802	13,280	15,100
Wildlife Restoration Fund	750	750	750
Total	\$143,379	\$146,030	\$155,650

Historically, California sales account for roughly 10 percent of the total vehicles sold in the nation. Beginning in 1983–84, however, our share began to rise and by 1988–89, California accounted for over 14 percent of the national sales volume.

While automobile sales remained at a high level from 1986–87 through 1988–89, new vehicle sales are forecast to slow moderately during the current year, returning to the 1988–89 level of sales for the budget year.

In the past, vehicle license fees were not refundable if a vehicle was totaled or stolen. Effective January 1, 1991, license fees will be refunded or credited towards a replacement vehicle in the event of a constructive total loss, including theft. This legislation is estimated to reduce vehicle license fee revenues by \$4.6 million during the budget year and approximately \$9 million annually thereafter.

Registration fees are levied at a flat rate of \$22 on all motor vehicles, trailers, semi-trailers and certain types of dollies. In addition, until January 1, 1991, a \$1 fee is assessed to provide additional funding for the California Highway Patrol. Trucks and trailers are also subject to fees based on their unladen vehicle weight. SCA 1, if approved by the voters in June 1990, would enact a 40 percent increase in weight fees effective August 1, 1990, with an additional 10 percent increase effective January 1, 1995. This provision is

estimated to increase revenues by approximately \$130 million during the budget year.

Allowing for scrappage and for vehicles entering and leaving the state, total fee-paid registrations (autos, trucks, trailers and motorcycles), including a proportional factor for multi-state vehicles at year-end, are estimated at 23,966,000 for 1989–90 and 24,691,000 for 1990–91. Motor vehicle fees revenue is summarized in Table 3-7.

Motor Vehicle Fuel Taxes— \$1,361,100,000.

The motor vehicle fuel license tax (gasoline) and the use fuel tax (diesel) provide the major funding sources for maintaining, replacing and constructing state highway and transportation facilities. Close to one-half of these revenues are apportioned to local jurisdictions for streets and highway use.

The gas tax is imposed on the distribution of gasoline and other flammable liquids. Distributions of diesel fuel, liquid petroleum gas (LPG), alcohol fuel and kerosene are not included under this tax. The current tax rate for motor vehicle fuel is 9 cents per gallon. Aircraft jet fuel is taxed at 2 cents per gallon.

The use fuel tax is imposed on diesel fuel, LPG, natural gas and alcohol fuel for use on state highways. The current tax rates are 9 cents per gallon of diesel fuel, 7 cents per 100 cubic feet of compressed natural gas, 6 cents per gallon of LPG or liquid natural gas and 4.5 cents per

gallon of alcohol fuel. In addition, a person may elect to pay a flat rate fuel tax based on vehicle weight in lieu of the tax on LPG. Local transit systems and certain common carriers pay 1 cent per gallon.

Gasoline consumption and tax revenues are sensitive to the retail price of fuel as can be seen in Figure 3-N. Consumption dropped as prices began to rise in the late 1970's, but picked up again as prices eased. By 1986, the average price of gasoline, excluding tax, had declined to an average of \$.90 per gallon. Since that time, prices have been relatively stable, with only a short-term increase during the second quarter of calendar year 1989. It is estimated that prices will remain stable over the forecast period, increasing approximately 4 percent per year. Similarly, consumption growth is expected to continue at a moderate rate, increasing approximately 2 percent annually.

Highway consumption of diesel fuel is estimated by projecting the trend of past distributions with adjustments to reflect changes in the economy. Consumption of diesel fuel, which is also impacted by price, increased 2.7 percent during 1988–89 and similar to gasoline consumption, is estimated to continue to grow at a moderate rate throughout the forecast period.

SCA 1, if approved by the voters in June 1990, would enact a five-cent per gallon increase in both the gas-

Table 3-7

Motor Vehicle Fees Revenue (Dollars in Thousands)

	<i>1988–89 Actual</i>	<i>1989–90 Estimated</i>	<i>1990–91 Estimated</i>
Vehicle License Fees	\$2,002,247	\$2,156,800	\$2,307,000
Registration, Weight & Other Fees	\$1,136,764	\$1,177,809	\$1,249,723

oline and diesel fuel tax rates on August 1, 1990, and an additional one-cent per gallon on January 1 of each of the next four years. This provision is estimated to increase

revenues by approximately \$760 million during the budget year. Motor vehicle fuel revenues, excluding the impact of SCA 1, are shown in Table 3-8.

Table 3-8

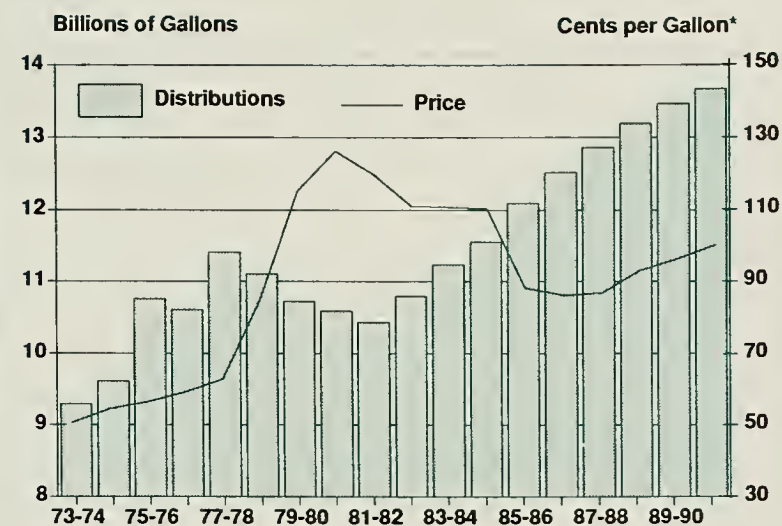
Motor Vehicle Fuel Tax Revenue

(Dollars in Thousands)

	<i>1988-89 Actual</i>	<i>1989-90 Estimated</i>	<i>1990-91 Estimated</i>
Gasoline	\$1,166,055	\$1,176,040	\$1,196,100
Diesel	154,457	160,000	165,000
Total	\$1,320,512	\$1,336,040	\$1,361,100

Figure 3-N

**Gasoline Distributions and
Average Price per Gallon**



* Excluding tax

Table 3-9

**Summary of State Tax Collections
(Excludes Departmental, Interest and Miscellaneous Revenue)**

	<i>Per Capita Personal Income</i> ^{1 2}	<i>State Tax Collections (Millions)</i>		<i>Taxes per Capita</i> ¹		<i>Taxes per \$100 of Personal Income</i> ³	
		<i>General Fund</i>	<i>Total</i>	<i>General Fund</i>	<i>Total</i>	<i>General Fund</i>	<i>Total</i>
1967-68	\$3,838	\$3,558	\$4,676	\$185.55	\$243.86	\$4.83	\$6.35
1968-69	4,158	3,963	5,173	203.94	266.21	4.90	6.40
1969-70	4,485	4,126	5,409	208.96	273.94	4.66	6.11
1970-71	4,746	4,290	5,599	214.08	279.41	4.51	5.89
1971-72	4,958	5,213	6,599	256.22	324.34	5.17	6.54
1972-73	5,360	5,758	7,229	279.72	351.18	5.22	6.55
1973-74	5,836	6,379	7,877	305.67	377.45	5.24	6.47
1974-75	6,433	8,045	9,574	379.95	452.16	5.91	7.03
1975-76	6,951	9,069	10,710	421.07	497.26	6.06	7.15
1976-77	7,646	10,781	12,525	491.48	570.98	6.43	7.47
1977-78	8,373	12,952	14,826	579.46	663.30	6.92	7.92
1978-79	9,411	14,188	16,201	621.30	709.45	6.60	7.54
1979-80	10,526	16,860	19,057	724.94	819.41	6.89	7.78
1980-81	11,603	17,808	20,000	748.86	841.04	6.45	7.25
1981-82	12,724	19,109	21,556	787.45	888.28	6.19	6.98
1982-83	13,238	19,579	22,375	789.92	902.73	5.97	6.82
1983-84	13,927	22,309	25,685	881.47	1,014.86	6.33	7.29
1984-85	15,098	25,515	29,038	989.72	1,126.38	6.56	7.46
1985-86	16,036	26,982	30,916	1,023.67	1,172.93	6.38	7.31
1986-87	16,778	31,331	35,368	1,133.01	1,278.99	6.75	7.62
1987-88	17,770	31,231	35,616	1,103.02	1,257.89	6.21	7.08
1988-89	18,753	35,647	40,619	1,229.63	1,401.14	6.56	7.47
1989-90 †	19,735	37,974	43,800	1,283.04	1,479.88	6.50	7.50
1990-91 †	21,040	41,476	47,616	1,374.88	1,578.41	6.53	7.50

¹ Per Capita computations are based on July 1 populations estimates.

² Personal income data is on a calendar year basis (e.g., 1989 for FY 1989-90).

³ Taxes per \$100 personal income computed using calendar year personal income e.g. 1989 income related to 1989-90 tax collections.

† Estimated

Table 3-10
Comparative Yield of State Taxes, 1967-68 through 1990-91
(Dollars in Thousands)

<i>Year-Ending June 30</i>	<i>Sales and Use</i>	<i>Personal Income</i>	<i>Bank and Corpora- tion ¹</i>	<i>Tobacco ²</i>	<i>Estate Inheritance & Gift ³</i>	<i>Insurance ⁴</i>	<i>Alcoholic Beverages</i>	<i>Horse Racing</i>	<i>Motor Vehicle Fuel ⁵</i>	<i>Vehicle Fees ⁶</i>
1968	1,464,927	952,487	576,874	219,272	135,554	121,155	94,896	54,799	581,127	437,918
1969	1,652,979	1,101,691	592,303	237,328	158,815	130,312	99,612	59,839	625,667	469,655
1970	1,753,611	1,152,053	587,013	236,878	164,299	136,733	105,908	58,244	668,537	498,992
1971	1,808,052	1,264,383	532,091	239,721	185,699	158,423	106,556	64,601	674,635	513,202
1972	2,015,993	1,785,618	662,522	247,424	220,192	170,179	112,091	69,380	712,426	547,845
1973	2,198,523	1,884,058	866,117	253,602	260,119	179,674	114,884	72,693	746,196	596,922
1974	2,675,738	1,829,385	1,057,191	258,921	231,934	201,697	119,312	78,289	742,702	644,448
1975	3,376,078	2,579,676	1,253,673	261,975	242,627	202,991	120,749	86,637	752,234	664,453
1976	3,742,524	3,086,611	1,286,515	268,610	316,648	241,224	125,313	96,117	766,555	749,936
1977	4,314,201	3,761,356	1,641,500	269,384	367,964	322,476	127,485	102,702	810,321	807,782
1978	5,030,438	4,667,887	2,082,208	273,658	365,092	387,560	132,060	111,591	850,181	924,410
1979	5,780,919	4,761,571	2,381,223	268,816	416,955	420,184	140,059	112,856	896,591	1,021,856
1980	6,623,521	6,506,015	2,510,039	290,043	465,611	446,228	138,940	127,002	852,752	1,096,640
1981	7,131,429	6,628,694	2,730,624	278,161	530,185	460,926	142,860	129,779	839,994	1,127,293
1982	7,689,023	7,483,007	2,648,735	276,824	482,300	454,984	139,523	119,626	833,446	1,373,354
1983	7,795,488	7,701,099	2,536,011	271,621	517,875	736,929	136,209	120,159	928,633	1,614,993
1984	8,797,865	9,290,279	3,231,281	263,231	236,452	457,490	137,433	141,001	1,213,167	1,906,290
1985	9,797,564	10,807,706	3,664,593	262,868	296,805	643,139	135,786	133,814	1,159,637	2,137,326
1986	10,317,930	11,413,040	3,843,024	258,141	252,810	839,939	132,262	131,592	1,194,172	2,515,295
1987	10,904,022	13,924,527	4,800,843	255,076	273,089	1,008,804	131,288	131,733	1,245,881	2,692,835
1988	11,650,531	12,950,346	4,776,388	250,572	304,148	1,158,321	128,734	132,208	1,293,254	2,966,334
1989	12,650,893	15,886,361	5,138,009	559,616	335,092	1,317,630	128,264	143,379	1,320,512	3,139,011
1990 †	13,847,000	17,381,500	5,265,000	797,000	371,000	1,194,000	128,000	146,030	1,336,040	3,334,609
1991 †	15,013,000	19,056,500	5,900,000	776,000	397,000	1,273,000	127,000	155,650	1,361,100	3,556,723

¹ Includes the corporation income tax.

² Proposition 99, of 1988, increased the cigarette tax to \$0.35 per pack and added an equivalent tax to other tobacco products.

³ Proposition 6, of 1982, repealed the inheritance and gift taxes and imposed an estate tax equal to the maximum allowable Federal estate tax credit effective for decedents dying on or after June 8, 1982.

⁴ The conclusion of litigation resulted in additional revenue of \$51 million in 1987-88, \$178 million in 1988-89 and is estimated will result in an additional \$13 million in 1990-91.

⁵ Motor vehicle fuel tax (gasoline), use fuel tax (diesel) and liquefied petroleum gas.

⁶ Registration and weight fees, motor vehicle license fees and other fees.

† Estimated

Table 3-11

Outline of State Tax System As Of January 1, 1990

Major Taxes and Fees	Base or Measure	Rate	Administering Agency	Fund
Alcoholic Beverage				
Excises:				
Beer	Gallon	\$0.04	Equalization ¹	General
Distilled Spirits	Gallon	\$2.00	Equalization	General
Wine:				
Dry	Gallon	\$0.01	Equalization	General
Sweet	Gallon	\$0.02	Equalization	General
Sparkling	Gallon	\$0.30	Equalization	General
Hard cider	Gallon	\$0.02	Equalization	General
Bank and Corporation:				
General Corporation	Net income	9.3% ²	Franchise ³	General
Banks and Financial Corporations	Net income	11.7% Max	Franchise	General
Alternate Minimum Tax	Alternate Taxable Income	7.0%	Franchise	General
Tobacco:				
Cigarette	Package	\$0.35 ⁴	Equalization	Cigarette Tax ⁵ and Cigarette and Tobacco Products Surtax
Other Tobacco Products	Wholesale price	37.47%	Equalization	Cigarette and Tobacco Products Surtax
Energy Resources Sur-				
charge	Kilowatt hours	\$0.0002	Equalization	Energy Resources Sur- charge Fund
Horse Racing License				
	Amount wagered	0.5-6.45%	Horse Racing Board	Fair and Expo. ⁶ Satellite Wagering ¹³ Wildlife Restoration and General
	Breakage	0-100%	Horse Racing Board	General
Estate	Taxable Federal estate	0.8-16%	Controller	General
Insurance	Gross Premiums	2.35% ⁷	Insurance Dept.	General
Liquor license fees	Type of license	Various	Alcoholic Beverage Control	General
Motor Vehicle:				
Vehicle license fees	Market value	2%	Motor Vehicle Dept.	Motor Vehicle License Fee ⁸
Fuel—gasoline	Gallon	\$0.09	Equalization	Motor Vehicle Fuel ⁹
Fuel—diesel	Gallon	\$0.09	Equalization	Motor Vehicle Fuel
Registration fees	Vehicle	\$23.00	Motor Vehicle Dept.	Motor Vehicle ¹⁰
Weight fees	Unladen Weight	Various	Motor Vehicle Dept.	State Highway ¹¹
Personal Income	Taxable income	1-9.3%	Franchise	General
Alternate Minimum Tax	Alternate Taxable Income	7.0%	Franchise	General
Private Railroad Car	Valuation	¹²	Equalization	General
Retail Sales and Use	Receipts from sales or lease of taxable items	5.0% ¹⁴	Equalization	General, State Trans- portation Fund and Disaster Relief Fund

¹ State Board of Equalization.

² Minimum Tax \$600 per year in 1989, and \$800 thereafter.

³ Franchise Tax Board.

⁴ This tax is levied at the combined rate of ½ cent per cigarette for the cigarette tax and 1¼ cents per cigarette for the cigarette and tobacco products surtax.

⁵ 30 percent of the ½ cent per cigarette tax is remitted to local jurisdictions.

⁶ For support of county fairs and other activities.

⁷ Ocean marine insurance is taxed at the rate of 5 percent of underwriting profit attributable to California business. Special rates also apply to certain pension and profit sharing plans and surplus lines.

⁸ For return to cities and counties.

⁹ For administrative expenses and apportionment to State, counties and cities for highways, airports and small craft harbors.

¹⁰ For support of State Department of Motor Vehicles, California Highway Patrol, other agencies and motor vehicle related programs.

¹¹ For state highways and State Department of Motor Vehicles administrative expense.

¹² Average property tax rate in the State during preceding year.

¹³ For construction of Satellite Wagering Facilities and health and safety repairs at fair sites.

¹⁴ Includes .25% tax effective December 1, 1989 through December 31, 1990 for funding earthquake relief.

Source: State of California, Department of Finance.

K-12 and Community Colleges

One way in which we can prepare our young people for the California of the 21st century is by providing quality education. California grew into greatness because it was able to build an educational system second to none. With the dawn of a new century just ten years away, we are now faced with a new challenge—revitalizing and restoring our public education system to its full potential.

Governor George Deukmejian
December 1989

California's elementary, secondary and community college education systems are composed of 1,010 local school districts, 58 county offices of education and 71 community college districts which spend nearly \$30 billion annually in educating approximately 5 million students ranging in age from shortly after birth to age 18, and approximately 3 million adults.

As indicated in the tables and figures in this section approximately \$27.2 billion in public resources will be devoted to the state's public elementary and secondary education system in 1990-91 and nearly \$2.7 billion will be devoted to the community college system. These resources represent increases of 115 percent and 84 percent respec-

tively above the \$14.1 billion devoted to K-14 education when this Administration assumed office.

These increases will fund enrollments of 4,806,251 students in the public elementary and secondary schools, an increase of 821,513 students or a 21 percent increase since 1982-83; and 1,430,400 students in the community colleges, an increase

of 78,640 students for a 5.8 percent increase since 1982-83.

As noted in Figures 4-A and 4-B, and 4-D and 4-E, revenue for the support of the K-12 and community college programs comes from various sources. Approximately 68 percent (\$18.6 billion) of the K-12 revenue and 64 percent (\$1.7 billion) of the community college revenue come from the state. Another 19 percent

Table 4-1
Proposition 98 Appropriations
(Dollars in Thousands)

	1988-89	1989-90	1990-91
Department of Developmental Services	\$34,028	\$22,092	\$24,989
Department of Mental Health Services	4,330	6,879	7,263
Department of the Youth Authority	22,610	27,936	27,822
Department of Education	13,023,304	14,004,143	15,044,673
School Facilities Aid Program	74,899	54,516	76,732
K-12 State Mandated Local Costs	72,860	126,557	194,732
California Community Colleges	1,444,709	1,548,058	1,673,237
Community College State Mandated Local Costs	1,400	15,073	15,496
Office of Criminal Justice Planning	—	16,700	26,700
K-12 Claims Legislation	—	1,250	—
Employee Compensation	—	—	3,000
Total	\$14,678,140	\$15,823,204	\$17,094,644

Figure 4-A

Total Revenue for K-12 Education

(Dollars in Billions)

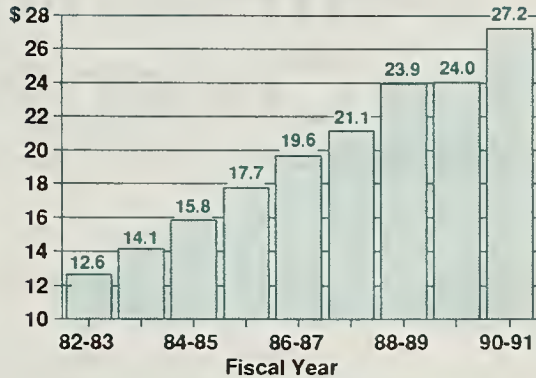
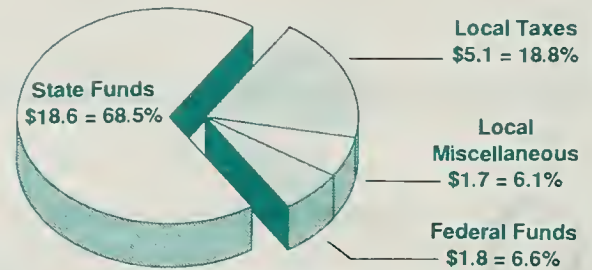


Figure 4-B

Revenue for California's K-12 Schools
Source of Revenues

(Dollars in Billions)



(\$5.1 billion) for K-12 and 29 percent (\$7.7 billion) for the community colleges come from local property and debt service taxes.

The remaining 13 percent for K-12 and 7 percent for the community colleges come from the federal government and miscellaneous local sources. (See Table 4-2 for K-12 Revenue.)

Proposition 98

Proposition 98 was passed by the voters of California in the November 1988 general election and required a major restructuring in state financing

by providing a guaranteed minimum level of funding for K-14 education. Specifically, school districts and community college districts are guaranteed either the same percentage of state General Fund tax revenues received in 1986-87, or the prior year funding level adjusted for enrollment and cost-of-living, whichever amount is greater. Because schools have funding priority over other state programs, the consequences have been profound. In 1989, SB 98, AB 198, and AB 1087 were enacted to implement Proposition 98 and appropriated \$915 million in new funding for K-14 programs.

In 1989-90, \$15.8 billion was appropriated for K-14 programs pursuant to Proposition 98. In 1990-91, \$17.1 billion will be appropriated. It is important to note, however, that not all General Fund appropriations for elementary, secondary and community college education are covered by the provisions of Proposition 98. Additional appropriations are made for debt service payments made by the state in the school building program, contributions made by the state to the Teachers' Retirement System, and support costs of the Department of Education and Chancellor's Office of the California Com-

Table 4-2

Total Revenue for K-12 Education
1982-83 through 1990-91

(Dollars in Millions)

Source of Funds	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90 *	1990-91 *
State General Fund.....	\$7,743	\$8,930	\$9,992	\$11,072	\$12,245	\$12,632	\$13,841	\$14,835	\$16,135
Lottery Fund	—	—	—	556	411	651	834	835	835
Other State Funds.....	189	213	420	334	757	799	1,680	121	1,660
Federal Funds.....	1,030	1,202	1,197	1,256	1,355	1,445	1,658	1,847	1,809
Local Property Taxes	2,462	2,541	2,867	3,195	3,484	3,786	4,117	4,490	4,857
Local Debt Service Taxes.....	450	444	425	391	338	312	285	273	260
Local Miscellaneous.....	758	803	861	953	976	1,427	1,498	1,573	1,652
TOTAL REVENUE	\$12,632	\$14,133	\$15,762	\$17,757	\$19,566	\$21,052	\$23,913	\$23,974	\$27,208

* Estimated

munity Colleges. Non-proposition 98 K-14 General Fund expenditures in fact, total \$684 million in 1989-90 and \$861 million in 1990-91. (A detailed listing of all expenditures may be found in the Budget Summary Schedule 9 and all Proposition 98 appropriations are detailed in the Schedule 9A.)

Elementary and Secondary Education

California's elementary and secondary education system is the highest spending priority of this Administration. The 1990-91 Governor's Budget continues this effort in order to ensure that California's educational system continues to be among the best in the nation. Revenues for

“School districts and community college districts are guaranteed either the same percentage of state General Fund tax revenues received in 1986-87, or the prior year funding level adjusted for enrollment and cost-of-living, whichever amount is greater.”

Table 4-3

K-12 Expenditures per Student ¹

	<i>K-12 Expenditures per Student (Dollars)</i>	<i>GNP Deflator 1989-90 = 100)</i>	<i>Real K-12 Expenditures per Student (in 1989-90 Dollars)</i>
1970-71.....	\$829	33.5	\$2,475
1971-72.....	925	35.4	2,613
1972-73.....	1,011	37.2	2,718
1973-74.....	1,219	40.0	3,048
1974-75.....	1,290	44.2	2,919
1975-76.....	1,452	47.7	3,044
1976-77.....	1,576	50.6	3,115
1977-78.....	1,777	54.0	3,291
1978-79.....	1,849	58.6	3,155
1979-80.....	2,066	63.7	3,243
1980-81.....	2,224	69.9	3,182
1981-82.....	2,391	75.7	3,159
1982-83.....	2,398	79.4	3,020
1983-84.....	2,623	82.3	3,187
1984-85.....	2,928	85.1	3,441
1985-86.....	3,272	87.3	3,748
1986-87.....	3,442	90.0	3,824
1987-88.....	3,554	92.6	3,838
1988-89.....	3,807	96.3	3,953
1989-90.....	3,987 ²	100.0 ²	3,987 ²
1990-91.....	4,147 ²	104.5 ²	3,968 ^{2,3}
Percentage Change 1970-71 to 1990-91.....	400.2	211.9	60.3
Percentage Change 1982-83 to 1990-91.....	72.9	31.6	31.4

¹ Includes local assistance expenditures from the General Fund, Lottery Funds, State School Fund, and Local Property Taxes

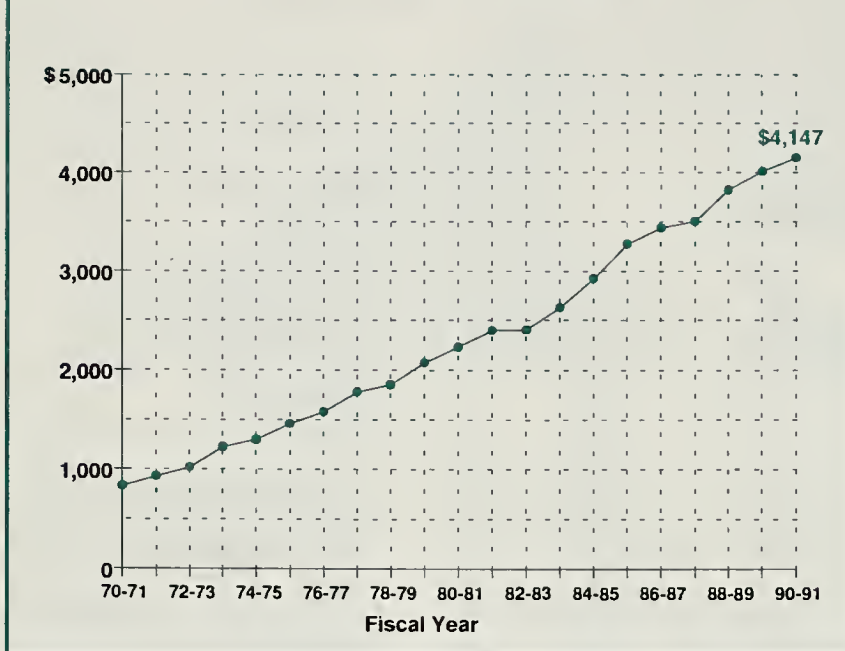
² Estimated

³ The Lottery Commission does not make projections beyond the current year; therefore, the 1990-91 estimated Lottery revenues are held constant from 1989-90. The Lottery Commission does expect increased sales and therefore increased revenues for education in 1990-91. A revised estimate will be provided in May.

NOTE: Data includes both Proposition 98 and non-Proposition 98 expenditures.

Figure 4-C

K-12 Expenditures Per Student



K-12 education have more than doubled from \$13 billion in 1982-83 to over \$27 billion in 1990-91 while enrollment has increased 20.6 percent to 4,806,251 students. As noted, Table 4-3 and Figure 4-C expenditures per pupil, after adjusting for inflation, have grown 31 percent from \$3,020 to \$3,968.

Along with these increased levels of funding have been a number of educational reforms. Most notably, SB 813, Statutes of 1983, initiated reforms in the areas of student academic performance and discipline, curriculum and quality of teachers. Specific reforms include increased graduation requirements, incentive funding for longer school days and longer school years, supplemental summer school funding to enhance the core curriculum and assist students in graduating with their class, establishment of mentor teachers, and increased parental and community involvement in the educational process. Other reform efforts include enactment of legislation to

reduce class size, promote the use of technology in the educational process, and promote fiscal accountability of local educational agencies.

Highlights of the K-12 Budget.

The new funding provided in the proposed 1990-91 Governor's Budget will provide:

- Continued funding for the reform movement begun by SB 813 and add \$512.7 million for enrollment increases and \$574 million for cost-of-living adjustments.
- \$110 million to implement class size reduction and language arts enrichment programs pursuant to legislation signed in 1989.
- \$65.4 million in preferential growth for special education, as well as \$9.9 million in statutory increases.
- \$43.3 million for population increases and program expansion in court-ordered and voluntary desegregation programs.

- \$11.8 million in preferential growth for the school improvement program.
- \$8.5 million in preferential growth for the economic impact aid program.
- \$6.8 million for growth in the adult education program.
- \$4.1 million for growth in instructional materials for grades K through 8.
- \$2.4 million for population growth in the mentor teacher program.
- \$1.4 million in preferential growth for the regional occupational centers and programs.
- \$1.3 million for population growth in the child nutrition program.
- \$1.1 million in preferential growth for staff development.
- \$1.0 million in preferential growth for the gifted and talented education program.
- \$1.0 million for population increases in the opportunity schools program.
- \$0.4 million in preferential growth for instructional materials in grades 9 through 12.
- \$10 million to expand the comprehensive alcohol and drug prevention education program administered by the Office of Criminal Justice Planning.

Cost-of-Living Increases. The Governor's Budget proposes \$574 million in 1990-91 for cost-of-living adjustments (COLAs). Of this amount, \$543.7 million will fund a 3.0 percent COLA for those programs that receive statutory COLAs. The remaining \$30.3 million will fund a 3.0 percent preferential COLA for programs which are not statutorily entitled to COLAs, such as pre-school and child care programs, regional occupational centers and programs, economic impact aid, the gifted and talented education program, mentor teachers and staff development.

Class Size Reduction. The Governor's Budget proposes \$110 million in 1990-91 to initiate the implementation of SB 666 which

establishes a program to reduce the size of classes in California. The program is designed to offer incentive payments to school districts to reduce the average class size in English, mathematics, science, and social science in grades 9 through 12. The legislation also includes a language arts enrichment program for grades 1–3.

This program will help provide teachers with the opportunity to spend more time with students and manage classrooms more effectively. In addition to this program, it is anticipated that educators and policy makers also will focus on other alternatives to class size reduction per se, including the use of aides, volunteers, staggered schedules, team-teaching, cross-age and peer tutoring, and effective use of educational technology.

Serrano Equalization. The *Serrano vs. Priest* case, filed in 1968 by parents of Los Angeles County School children, held that the state's school finance system at that time was unconstitutional because of disparities in per pupil expenditures related to local property tax wealth. The Supreme Court ruled in favor of Serrano, and the Legislature moved to comply with the opinion. In 1983, the Supreme Court ruled that differences in funding had been reduced to "insignificant" levels and that educational opportunity was generally the same statewide. Nevertheless, the state continued its effort to equalize district base revenue limits. The plaintiffs, who had filed an appeal of the decision, agreed to settle the case when the state provided an additional \$4.2 million in the 1989–90 budget for juvenile court school equalization. Since 1983, approximately \$473 million has been appropriated for equalization and these funds have become part of district base revenue limits. Currently, over 96 percent of the ADA statewide is in districts which have revenue limits within the equalized range.

Longer Day and Year Incentives. Incentive funding for longer school days and years was one of the major

areas of reform provided by Senate Bill 813—the Hughes-Hart Educational Reform Act of 1983. In order to halt the erosion of actual instructional time in a school year due to various factors such as collective bargaining, teacher training and faculty meetings, the SB 813 reforms provided incentive funding for districts that chose to run school years for 180 days or more. Incentive funds also were provided to districts which met increased instructional time requirements. It is estimated that over 99 percent of the students in the state are in districts that participate in the program. Budget Act appropriations for both programs totaled approximately \$460 million between fiscal years 1984–85 and 1986–87. Starting in 1987–88, the incentive became a permanent part of each district's base revenue limit.

Summer School. Prior to the enactment of SB 813 in 1983, state funding for summer school was limited to remedial instruction for students who were not meeting standards for proficiency in basic skills. SB 813, however, established a supplemental summer school program for course enrichment in core areas such as mathematics, science, English, foreign language, fine arts and computer science. The new program also helps students to meet the enhanced graduation requirements also established in SB 813.

Between 1983–84 and 1990–91, funding for the remedial summer school program will have grown by almost 50 percent, from \$18.7 million in 1983–84 to \$28.9 million in 1990–91. Total expenditures for remedial summer school during this period approximated \$194.5 million. The supplemental summer school program, which began in 1984–85 with expenditures of \$23.5 million, has grown significantly to \$76 million in 1990–91, an increase of 223 percent. Over the same period, summer school average daily attendance (ADA) has grown over 100 percent, growing from 8,788 ADA in 1983–84 to the current estimated level of 18,800 ADA.

“The Governor’s Budget proposes \$110 million in 1990–91 to initiate the implementation of SB 666 which establishes a program to reduce the size of classes in California.”

Regional Occupational Centers and Programs.

During this Administration funding for Regional Occupational Centers or Programs, which provide job-specific skills for selected high school pupils and adults, has increased from a 1982–83 base of \$155 million to \$239 million in 1990–91. Attendance (numbers of pupils trained) has increased from 91,000 in 1982–83 to a projected 106,000 in 1990–91. The Governor's Budget proposes an additional \$1.4 million for program growth and \$7 million for cost-of-living adjustments.

Special Education. The primary goal of the special education program, under both federal and state law, is to provide a free, specialized public education that meets the needs of disabled students as adequately as the needs of regular education students are met.

Although the provision of special education programs is mandated, the funding increases related to the expanding population are not mandated. This Administration determined that special education programs should be a high priority. Therefore, augmentations were provided for additional instructional units of \$10 million in 1984–85, \$15 million in 1985–86, \$24.1 million in 1986–87, \$44.9 million in 1987–88, \$64.2 million in 1988–89 and \$33 million in 1989–90 to serve the increasing special education population. The Administration has also provided since 1982–83 total augmentations of \$13 million to serve increasing infant populations. Additionally, this Administration provided a total of \$80.5 million for program improvements, such as increased number of instructional aides; specialized services and equipment for pupils with low incidence disabilities; and incentive funds for county offices of education to adopt a longer school day and year. Another \$60 to \$85 million annually has been provided as statutory COLAs.

The 1990–91 budget will provide an increase of \$75.4 million for growth in special education instructional personnel service units, special edu-

cation infant program units, statutory adjustments and other program areas. Additionally, a cost of living adjustment of \$65 million is proposed for 1990–91.

Legislation signed in 1984 shifted responsibility for certain non-educational services (e.g. mental health counseling) from local education agencies to county mental health agencies and county welfare departments. This shift was implemented beginning in 1986–87. Because these services are necessary for a special education pupil to benefit from his or her education, the Governor's Budget proposes to repeal the shift so that the responsibility for those services will again be in the public school system. With this shift of responsibility, a total of \$41.1 million in expenditures is being moved from the Health and Welfare budget to the K–12 Education budget.

Since taking office, the Governor has more than doubled special education General Fund expenditures (see Table 4-4).

Child Care And Development.

The Department of Education administers a variety of subsidized child care and development programs which provide direct and indirect services to children from low-income families and those with special needs. These programs are designed to enhance the physical, emotional and developmental growth of participating children as well as assist families to become self-sufficient by enabling parents to work or receive employment training. These programs are currently serving approximately 120,000 children.

Legislation enacted in 1985 authorized the Extended Day Care Program. This program is now known as the Latchkey Program and provides child care services before and after school to school aged children.

Since 1982–83, the Governor has increased the child care and development program expenditures from \$250.5 million (\$248.6 million GF,

\$1.9 million FF) to the current level of \$349.1 million (\$345.7 million GF, \$3.4 million FF).

The 1990–91 budget will continue the child care and development funding at the current level of \$349.1 million (\$345.7 million GF, \$3.4 million FF), because the population of ages 0–4 is expected to be stable. The budget also proposes a cost-of-living adjustment of \$10.4 million for these programs.

Gifted And Talented. When the Gifted and Talented Education (GATE) program was first established in 1979, participation was limited to approximately 400 districts. However, legislation signed in 1989 provided that all districts may apply for funding and appropriated an additional \$3 million for this expansion. This funding will allow an estimated 33,000 additional students to be served, bringing the total number of students served to over 250,000. The Governor's Budget proposes an additional \$983,000 for program growth and \$872,000 for cost-of-living adjustments.

Mentor Teacher Program. The contributions of exemplary teachers in improving the effectiveness of our schools are recognized through the Mentor Teacher program. Under this program, up to five percent of classroom teachers may be designated as mentor teachers, and stipends are provided for mentors to assist new teachers and improve school curriculum. The Governor's Budget provides an increase of \$2.4 million for growth in the teaching population and \$2.1 million in cost-of-living adjustments. The proposed funding of \$71.6 million is sufficient to designate a full five percent of classroom teachers as mentors.

Teacher Compensation. Attracting and retaining high quality teachers is essential to the continued improvement in our schools. To this end, funding was provided during this Administration to increase the salaries of beginning teachers to make their salaries competitive with the entry level salaries of other professions. The starting salaries of California teachers are now the second

Table 4-4

SPECIAL EDUCATION FUNDING**(Dollars in Millions)**

	<i>Expenditures*</i>	<i>General Fund</i>	<i>Number of Pupils</i>
1982-83	\$1,143.4	\$632.9	361,000
1983-84	1,257.2	728.7	361,000
1984-85	1,339.5	775.4	366,000
1985-86	1,481.9	878.7	375,000
1986-87	1,640.3	1,004.8	378,000
1987-88	1,768.6	1,086.7	380,000
1988-89	1,925.1	1,208.1	412,000
1989-90	2,053.9	1,306.2	432,000
1990-91	2,286.8	1,463.9	453,000
Percentage change 1982-83 to 1990-91	100%	131%	25%

*Includes General Fund, local revenues, and federal funds.

highest in the nation. Moreover, overall California's teacher salaries rank fifth in the nation according to the National Education Association. The Governor's Budget also includes funding of \$4.8 million for the New Teacher Project to identify possible changes in the state's teacher credentialing process to improve the support and evaluation of new teachers.

School District Fiscal Accountability. This Administration has recognized the need to ensure that local education agencies have the fiscal management knowledge and skills to prudently manage the educational program. During his tenure the Governor has provided one million dollars for the School Business Personnel Staff Development Training Program. Additionally, \$1.5 million and increased staff were included in the 1988-89 budget to increase efforts at reviewing local educational agencies' fiscal practices to identify problems and assist in resolving the problems before the agency is in serious fiscal difficulty. This funding was provided to imple-

ment a 1987 law which was jointly sponsored by the Governor and the Superintendent of Public Instruction. The total funding level of this program is \$5.5 million for 1990-91.

School Improvement Program.

The School Improvement Program (SIP) is designed to involve parents, teachers and the community to improve all students' learning of the core curriculum. Program funding is used for school improvement planning and implementation of those plans. Quality reviews are conducted every three years to ensure the continued effectiveness of school improvement efforts.

Funding for the School Improvement Program has increased from \$163 million in 1982-83 to \$314.5 million in 1990-91, including increases in 1990-91 of \$11.8 million for program growth and \$9.2 million for cost-of-living adjustments. These funds will fully fund the program in grades 7 and 8 and serve over 89 percent of children in grades K-6. The number of pupils served has increased from 1.4 million in 1982-83 (when only 47

"The starting salaries of California teachers are now the second highest in the nation.

Moreover, overall California's teacher salaries rank fifth in the nation according to the National Education Association."

percent of K–6 pupils benefited from the program) to 3.3 million in 1990–91.

Instructional Materials. Good books and instructional materials are an important component of a quality education. As part of the educational reforms enacted during this Administration, the level of state funding for instructional materials has increased for each elementary school pupil and a new program has been established to supplement local funding for high school pupils. For 1990–91, the Governor's Budget provides increased instructional material funding of \$4.5 million for enrollment growth and \$3.7 million for cost-of-living adjustments. With these increases, state funding for instructional materials has more than tripled during the term of this Administration.

Partnership Academies. The Partnership Academies are career-oriented schools within high schools which use a partnership with local employers to successfully prepare underachieving or economically disadvantaged youth at risk of dropping out of school for real jobs. The program successfully improves attendance and high school completion rates for participating students and provides work experience which improve students' chances of successful continuing employment following graduation. From an appropriation level of \$320,000 in 1984, the program has grown to \$2.3 million in 1990–91. There are now 21 Partnership Academies in operation and planning grants have been provided for six additional sites. Approximately 1,000 pupils annually successfully complete the program.

Supplemental Grants. The Supplemental Grants program was established in 1989–90 as a part of the Proposition 98 implementation legislation. The program is designed to help equalize categorical funding among California's school districts to better ensure that all California students have equal educational opportunities. Grants are awarded to school districts which receive less than the average level of funding

from existing state programs. Funds must be used to expand or implement one or more of 27 categorical programs. In 1989–90, \$180 million was appropriated for this program. The same level of funding is proposed to be continued in 1990–91.

Immigration Reform and Control Act (IRCA)

Approximately 1.4 million undocumented aliens have applied for temporary legalization status in California under the terms of Public Law 99-603, the Immigration Reform and Control Act of 1986. Federal funds (known as State Legalization Impact Assistance Grant (SLIAG)) are provided to assist states and local governments with costs they may incur in providing public health, public assistance or educational services to newly legalized persons. The State Department of Education, in accordance with federal laws and regulations, is responsible for distributing SLIAG funds to local school districts, community colleges and community-based organizations to provide necessary educational services, primarily English-as-a-Second-Language (ESL) and civics instruction.

These newly legalized persons will have the opportunity to convert to permanent, legal residency 18 to 30 months after having been granted temporary legalization. At the time of the interview for permanent residency, individuals who have been in the U.S. since 1982 must demonstrate to the Immigration and Naturalization Service that they meet naturalization standards with respect to having achieved a minimal understanding of basic English and the history and government of the United States, or that they are making satisfactory progress in an approved course of instruction. Individuals who have qualified as seasonal agricultural workers are exempt from these educational requirements. Seasonal agricultural workers, however, still comprise about 17 percent of the newly legalized population who have attended special English and civics classes.

The Administration believes that all newly legalized persons should have access to the educational services provided under the IRCA program. Funding proposed by the Administration will be sufficient to provide educational services to both groups, those who need instruction to qualify for permanent residency and those whose attendance is elective, but education funding is targeted to give first priority to those persons needing services to convert to permanent residency status. As of December 1989, over 375,000 certificates have been awarded for completion of the coursework needed for permanent residency.

The Governor's Budget proposes to allocate \$144.9 million for educational services from SLIAG funds in 1990–91. (For additional detail, see California's Implementation of the Immigration Reform Control Act.)

Lottery

The Lottery Initiative, as approved by California voters in November, 1984, provides that 50 percent of the proceeds from lottery ticket sales be paid out as lottery prizes and that no more than 16 percent of the proceeds be used for administrative costs. The remainder of the proceeds (at least 34 percent of the total) are to be placed in a special fund, known as the California State Lottery Education Fund, to be used for public education.

Since it began generating revenues in 1985, the California State Lottery has generated over \$3 billion for public education in California. Distributed to schools based on attendance, funding goes to local school districts as well as to state run schools at the primary, secondary, and postsecondary levels. Quarterly disbursements are made from the State Controller's Office directly to county treasurers and eligible state programs, with no further control of the funds by the state. For 1988–89, the lottery generated approximately \$173 per California student. In 1990–91, the lottery is expected to generate over \$834.8 million for K–12 education.

K-12 School Facilities Program

Historically, public K-12 school districts had the primary responsibility for financing their own school construction. Financial resources were derived primarily from the sale of local general obligation bonds or loans from the state. The loans were provided from the proceeds of State School Building Aid bond sales, which districts repaid by levying additional property taxes. However, since the passage of Proposition 13 in 1978, the state has assumed an increased responsibility for school construction needs.

Under the State School Building Lease-Purchase program, the State Allocation Board provides grant funds to local school districts for construction and reconstruction of schools in accordance with a relative prioritization system based on the districts' need to house current and projected pupils. The main source of funding for this program is revenue from the sale of state general obligation bonds (\$3.35 billion since 1982). Since 1982-83, 469 new schools housing about 180,000 pupils have been built using Lease-Purchase program funds. In addition, in 1986, the Administration supported a comprehensive five-bill package to address the continued effects of increased pupil enrollment. This legislation was intended to improve local funding mechanisms and provide additional state resources. Specifically, the legislation implemented a local/state partnership which included authority for districts to assess fees on new residential and commercial development. Since 1986, over \$250 million in developer fees have been reported by districts, which has been included as revenue to the Lease-Purchase program.

In addition to the Administration supported legislation enacted in 1986 to address new school construction needs, the voters approved the Administration-sponsored State School Building Lease-Purchase Bond Act of 1986. This act authorized the sale of \$800 million in gen-

eral obligation bonds for the construction and reconstruction of K-12 school facilities. The Administration also supported two additional \$800 million school facilities bond measures which were approved by the voters in June and November 1988. The proceeds from the \$1.6 billion in general obligation bonds were used for school construction and reconstruction, as well as abatement of hazardous asbestos in school facilities, and the purchase of portable classrooms during 1989.

For 1990-91, the Governor's Budget proposes two additional bond measures, of \$800 million each, for the June and November ballots. These funds, if approved by the voters, would substantially increase the number of school facilities for the increasing K-12 population.

Other school facility programs administered by the State Allocation Board include the Emergency Portable Classroom program, the State School Deferred Maintenance program, and the State Asbestos Abatement program. Since 1983, over \$175 million has been provided for emergency portable classrooms, and has resulted in the placement of approximately 5,000 additional classrooms statewide. During this same period, the State Allocation Board also provided over \$563 million to districts for deferred maintenance projects.

Finally, in 1984, legislation established the State Asbestos Abatement program to remove hazardous asbestos from K-12 public schools, and appropriated \$10 million for this purpose. Since 1984, an additional \$15 million has been appropriated through the state budget process, for a total of \$25 million. These monies have been provided by the State Allocation Board to school districts to fund over 686 asbestos abatement projects since 1984.

Year-Round Schools. Legislation also authorized school districts operating on a year-round school (YRS) basis to be eligible to receive up to \$125 per pupil, adjusted annually for inflation, in incentive payments. This YRS program is in addi-

“The Supplemental Grants program was established in 1989-90 . . . The program is designed to help equalize categorical funding among California’s school districts to better ensure that all California students have equal educational opportunities highest in the nation.”

tion to a YRS incentive payment program implemented in 1983, which provides a flat rate payment of \$25 for every pupil enrolled on a YRS basis. Since 1983, the State Allocation Board has provided over \$131 million in YRS payments to eligible districts. These payments were intended to encourage the use of existing facilities and to reduce the demand for funding to construct new schools. However, the Administration does not believe that the original intent of the \$125 per pupil program is being met. Therefore, the Governor's Budget proposes that the funding for the program, \$43 million, be set aside in a reserve pending legislation to reform this program and achieve its original intent.

State Contributions to the State Teacher's Retirement System

The State Teacher's Retirement Fund, according to the actuarial valuation completed in July 1983, had an unfunded liability of \$13.5 billion. The Administration has consistently funded the state's contribution required by a 1978 law. This increased contribution together with a successful investment program has reduced the unfunded liability to \$10.2 billion. The 1990-91 budget continues these efforts. Specifically, the Governor's Budget proposes fully funding the state's contributions with an appropriation of \$477.6 million.

Teacher's Retirement Fund Portfolio Growth. Legislation enacted in 1982 required that the investment management of the Teacher's Retirement Fund be separated from the Public Retirement Fund by July 1, 1983. This required that the State Teacher's Retirement System establish the staff and structure to manage its portfolio of \$10.9 billion market value (\$10.1 billion book value). The majority of the structure is now in place and the portfolio has grown to a total of \$30 billion market value (\$26.5 billion book value) as of September 1989. For the five year period ending June 30, 1989, the Teacher's

Retirement Fund's average annualized rate of return on investments was 17.8 percent which ranks the Teacher's Retirement Fund in the top quartile of return on investments for pension funds.

Purchasing Power Protection.

Since 1973, retired teachers have received an annual two percent increase in their benefits to compensate for inflation. Despite this increase, many teachers have experienced a reduction in their ability to purchase goods and services with their fixed incomes.

Prior administrations allocated no additional state funds to alleviate the fiscal difficulties faced by these retired teachers. This Administration has recognized the need to provide assistance to these citizens by budgeting a total of \$512.8 million from 1983 to 1989 for this purpose.

This Administration sponsored legislation which established a permanent funding mechanism intended to maintain retired teacher's purchasing power at a minimum of 68.2 percent.

The Governor's Budget proposes a General Fund appropriation of \$53 million and \$3.7 million in state lands royalties for transfer to the purchasing power account within the Teacher's Retirement Fund. The proposal will benefit an estimated 53,936 retired teachers.

California Community Colleges

The California Community Colleges (CCC), the largest postsecondary education system in the nation, are comprised of 71 districts with 107 campuses statewide. At the state level, the Board of Governors provides leadership and direction for these local entities through its policy making activities.

The Community Colleges are open to all adults able to benefit from instruction and serve 1.4 million students with an annual budget of approximately \$2.7 billion. One of every 15 adult Californians is currently enrolled in a community col-

lege, and nearly half of all adult Californians have attended a community college at some time.

The Community Colleges provide an excellent and affordable opportunity for students seeking lower division degrees and certificates in the arts, sciences and occupational fields. Remedial and basic skills instruction are also important functions of the colleges.

The Community Colleges provide a broad array of educational services, including the following:

- Core education for transfer to four-year colleges
- Two-year degree programs
- Certificate programs for employment
- Allied programs with business, industry and government
- Remediation and basic skills education
- Continuing education and community education
- Community Services

As Table 4-6 shows, total funding for the California Community Colleges in 1990-91 is \$2.7 billion, an increase of \$1.2 billion over the amount provided in 1982-83. This represents a 83.3 percent increase in eight years. As shown in Table 4-7, total local assistance funding per unit of Average Daily Attendance (ADA) in 1990-91 is \$3,620, a 76.5 percent increase over 1982-83. In real terms, this represents an increase of 34.1 percent. Figure 4-D shows the total amount of revenue from significant sources for Community Colleges from 1982-83 through 1990-91. Figure 4-E shows the funding sources and their proportionate contribution to the colleges.

Many key Community College programs and services have evolved and been supported through the budget during the Governor's term in office. The following accomplishments are especially significant.

Proposition 98. The passage of Proposition 98 and the enabling legislation (AB 198 and SB 98) resulted in additional funds being appropri-

ated for Community Colleges for 1988–89 and 1989–90 in the amounts of \$51.5 million and \$84 million respectively. The appropriation for 1988–89 provided for a one-time payment to Community Colleges of \$45 million allocated to districts based on reported ADA for 1988–89. In addition, \$6.5 million was appropriated to fund additional 1988–89 unfunded ADA which became a permanent part of the base ADA level as of 1989–90. The appropriation for 1989–90 provided \$70 million to fund Phase I of AB 1725 reforms, program improvement, and an additional \$14 million to provide full funding for the Matriculation Program.

Cost-of-Living Increases. The Governor’s Budget proposes an augmentation of \$126.3 million for a 5.2 percent statutory cost-of-living adjustment (COLA) and equalization. In addition, the budget proposes \$5.3 million for a 5.2 percent discretionary COLA for the following programs: Extended Opportunity Programs and Services, Disabled Students Programs and Services, Cooperative Agency Resources for Education, Transfer Centers, and Matriculation. In addition, \$204,000 is provided for a 3 percent discretionary COLA for apprenticeship programs.

Apportionments. In addition to the statutory COLA and equalization increases, \$34.6 million is proposed for Average Daily Attendance (ADA) growth within the statutory limitation (2.15 percent). To permit additional access to the growing numbers of students seeking community college enrollment, the 1990–91 Budget contains a \$5 million augmentation for ADA over the growth cap. Total funding for 1990–91 apportionments represents an increase of \$480.4 million or 47 percent over 1982–83. During this same period, expenditures per pupil will have increased by 67.8 percent. In real terms, this represents an increase of 30.3 percent.

Local Revenue. Local property tax and fee revenues in 1990–91 are projected to increase by \$58.7 mil-

lion or 7.5 percent over 1989–90, and \$446.5 million, or 114.4 percent, over 1982–83.

Community College Reform (AB 1725). Since completion of a report on the California Community Colleges by the Commission for the Review of the Master Plan for Higher Education in 1986, a major Community College reform bill, AB 1725, was signed by the Governor in September 1988. This legislation, serves as the system’s blueprint for the future, with significant provisions in the following areas:

- **Mission and Function**—Establishes Transfer education and vocational/technical education as primary missions and remedial and English-as-a-second language (ESL), student support services, and noncredit adult education as essential and important functions.
- **Governance**—Declares Community Colleges to be a postsecondary system with state and local responsibility for administration of the 107 colleges shared by the Board of Governors and 71 local boards of trustees.
- **Faculty Diversity and Staff Development**—AB 1725 appropriated, for 1988–89, over \$6 million in ongoing base funding for the improvement of teaching and recruitment of ethnic minorities, women, and the disabled in order to fill Community College faculty vacancies, which are expected to climb to over 18,000 during the next decade. For 1990–91, an additional \$1 million will be provided for faculty and staff diversity programs to increase the hiring rate of ethnic minorities.
- **Program Improvement**—Provisions were enacted to trigger certain reforms if specified target funding levels were reached. In 1989–90, legislation appropriated \$70 million in ongoing base funding to fully fund the first phase of Community College reform, thereby increasing the employment of full-time faculty and enabling districts to invest

“This Administration sponsored legislation, which established a permanent funding mechanism intended to maintain retired teacher’s purchasing power at a minimum of 68.2 percent.”

resources in improving instruction, student services, articulation, recruitment, hiring and evaluation.

- **Program-Based Funding**—This new financing mechanism, based upon identified program standards, will replace the current attendance-based formula when an additional \$70 million of ongoing Program Improvement Funds is provided in future Community College budgets.

Economic Development Program. Currently, \$4.1 million in ongoing base funding is provided for economic development programs including employer-based training. An additional \$1.1 million will be provided in 1990–91, to allow the Community Colleges to expand economic development programs in cooperation with the Department of Commerce.

Matriculation (AB 3). In the current year, \$35.9 million is provided for matriculation services for new and continuing Community College students who enroll in transfer, occupational, and basic skills courses. Matriculation is a six-component program of admissions, orientation, assessment, counseling, follow up, and evaluation designed to ensure student access and success. With these funds,

Table 4-6

Significant Revenue Sources For Community Colleges

(Dollars in Millions)

<i>Source of funds</i>	<i>1982-83</i>	<i>1983-84</i>	<i>1984-85</i>	<i>1985-86</i>	<i>1986-87</i>	<i>1987-88</i>	<i>1988-89¹</i>	<i>1989-90¹</i>	<i>1990-91</i>
State General Fund.....	\$1,076.8	\$1,084.8	\$1,134.7	\$1,195.5	\$1,244.5	\$1,329.7	\$1,469.1	\$1,599.1	\$1,730.8
Lottery Funds.....	—	—	—	85.4	57.4	96.8	126.9	127.1	127.1
State School Fund.....	4.4	4.8	5.0	3.1	1.9	2.1	2.0	2.1	2.1
Student Fees ²	—	—	62.6	66.1	67.0	65.4	66.2	65.0	65.6
Local Property Taxes	390.1	399.3	432.2	497.6	544.8	603.9	653.6	712.9	770.9
TOTAL REVENUE.....	\$1,471.3	\$1,488.9	\$1,634.5	\$1,847.7	\$1,915.6	\$2,097.9	\$2,317.8	\$2,506.2	\$2,696.5

¹ Estimated

² Excludes fees paid with BOG grants which are included in the General Fund

Table 4-7

Community Colleges Expenditures Per Student¹

	<i>Expenditures per Student (Dollars)</i>	<i>GNP Deflator (1989-90=100)</i>	<i>Real Expenditures per Student (In 1989-90 Dollars)</i>
1982-83.....	\$2,051	79.4	\$2,583
1983-84.....	2,210	82.3	2,685
1984-85.....	2,500	85.1	2,938
1985-86.....	2,861	87.3	3,277
1986-87.....	2,892	90.0	3,213
1987-88.....	3,045	92.6	3,288
1988-89.....	3,258	96.3	3,383
1989-90.....	3,443 ²	100.0 ²	3,443 ²
1990-91.....	3,620²	104.5²	3,464²
Percentage Change 1982-83 to 1990-91	76.5	31.6	34.1

¹ Includes local assistance expenditures from the General Fund, Lottery Funds, State School Fund, Student Fees and Local Property Taxes

² Estimated

Community Colleges can now adequately monitor student progress and assist students in achieving their educational goals of transfer and/or employment. For 1990–91, an additional \$771,000 will be provided for growth at the 2.15 percent statutory attendance growth rate for general purpose apportionments. This will permit matriculation services to keep pace with the projected increase in the number of community college students.

Student Access and Success.

In addition to matriculation, the Community Colleges provide a number of related special programs and services for unique populations of students. Disabled Students Programs and Services (DSPS) assists students with disabilities to realize their educational goals through special accommodations, such as interpreters, notetakers, readers, and adapted computer technologies. Extended Opportunity Programs and Services and Cooperative Agency Resources for Education target low-income and single parents who need financial aid, specialized outreach, child care, counseling, and support. The Transfer Center Pilot Project assists students who plan to transfer to a four-year college or university through a set of services which are articulated with the senior postsecondary institutions.

Other programs, such as Greater Avenues for Independence (GAIN) and Immigration Reform and Control Act (IRCA), were initiated during the Governor's term in office and continue as successful programs. They target welfare mothers (GAIN) and immigrants (IRCA) who seek a Community College education. In 1988–89 and 1989–90, over \$15 million has been provided for the GAIN Program. For 1990–91, \$5.3 million will be provided for this program. Funding for the IRCA program has been provided directly to local colleges by the State Department of Education.

Commencing in 1989–90, High Tech Centers for the Disabled receive \$571,000 in state support annually to

insure continuation of leadership and training functions for more than 5,000 students with disabilities. These students receive instruction in the use of state-of-the-art assistive computer technologies so they can take advantage of Community College courses.

For 1990–91, the Governor's Budget proposes a \$666,000 augmentation to fund DSPS growth in 1990–91 at the 2.15 percent statutory attendance growth rate for general purpose apportionments.

Instructional Equipment and Materials Replacement Program.

For 1990–91, the Governor's Budget proposes \$23 million bond funds, to be matched by \$7.7 million in district funds, for instructional equipment and library materials. Since the instructional equipment program was first funded in 1985–86, \$164 million will have been appropriated through 1990–91 to provide Community Colleges with assistance in replacing worn-out and obsolete instructional equipment and outdated library materials. As a result of this program, student learning has been enhanced and students are able to perform more effectively in the job market and at the four-year institutions to which they transfer.

Deferred Maintenance and Special Repairs. The Governor's Budget proposes \$15 million for deferred maintenance and special repairs. This program has a 50/50 matching requirement for the districts. From 1983–84 through 1990–91, \$101 million will have been appropriated to support over 3,000 projects. These projects enable the Community College districts to maintain an environment free of health and safety hazards and to improve the long term cost effectiveness of facility operations.

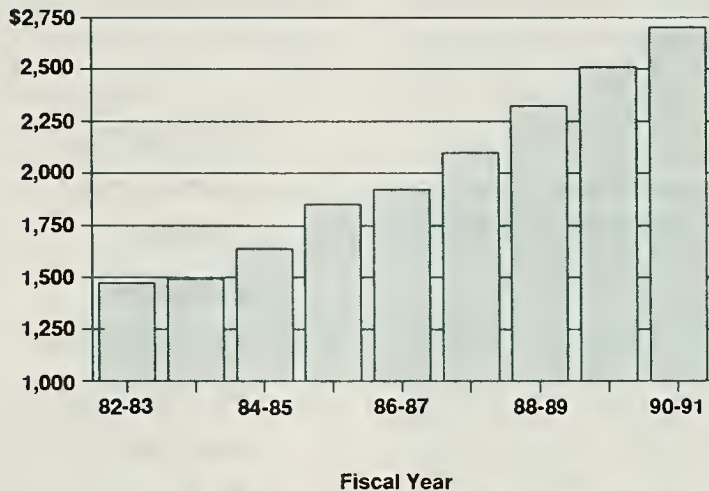
Toxic Substances and Asbestos Abatement. To reduce exposure to hazardous substances at the Community Colleges, the Governor's Budget proposes \$5 million from the General Fund for continued removal and containment of hazardous substances (primarily asbestos, PCBs, and underground tanks), and

*“Many key
Community
College
programs
and services
have evolved
and have
been
supported
through the
budget
during the
Governor's
term in
office.”*

Figure 4-D

Significant Revenue for Community Colleges

(Dollars in Millions)



* Includes General Fund, Lottery Funds, State School Fund, Student Fees, and Local Property Taxes.

total of \$197.8 million, \$97.8 million from a proposed \$900 million general obligation bond measure and \$100 million from the Public Buildings Construction Fund, is proposed to be provided by the state for 106 projects. Of the proposed projects for 1990-91, 80 involve the preparation of working drawings and/or construction, 25 are to provide equipment to complete previously funded projects and one project is for acquisition of land.

Included among the 475 projects which have been supported since 1983-84 are new and remodeled classrooms and laboratories, libraries, physical education facilities, and site acquisitions to provide for new colleges and educational centers. Of highest importance have been projects to eliminate architectural barriers to the physically disabled and to correct health and safety hazards to those who work and study in the educational environment. During the period between 1983-84 and 1990-91, a grand total of \$530.7 mil-

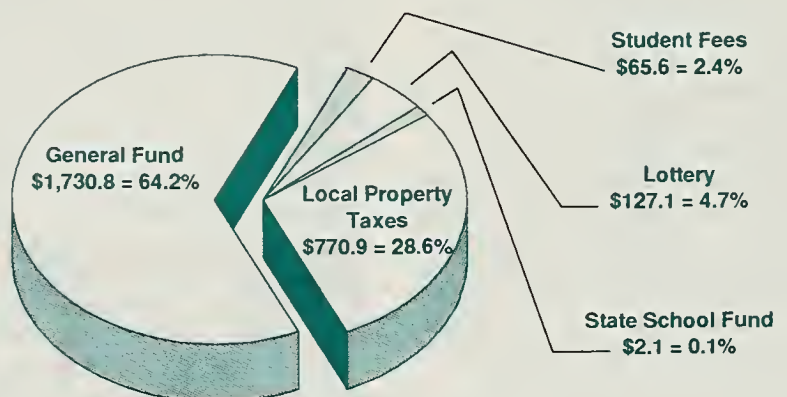
\$5 million from bond funds for abatement of severe asbestos hazards. In addition, \$3 million from the General Fund is proposed to reimburse districts for their costs to develop hazardous material business plans required by legislation enacted in 1988. Between 1985-86 and 1990-91, the State will have provided \$53 million for abatement of hazardous substances. With this financial support, Community Colleges have made significant progress in correcting problems related to over 400 underground tanks containing fuel oil, approximately 300 transformers containing polychlorinated biphenyl, and over 3,400 buildings containing asbestos materials.

Capital Outlay. There has been a steady and dramatic increase in state funding support for capital outlay in community colleges since 1983-84. In that fiscal year, a total of \$8.3 million was provided by the state for 22 projects. In 1990-91, a

Figure 4-E

**Revenue for Community Colleges
Source of Revenues**

(Dollars in Millions)



lion will have been provided by the state to support capital construction in community colleges.

Lottery

Lottery revenues for the Community Colleges are expected to be 127.1 million in 1989–90 and the same amount in 1990–91. This represents 12 percent of the total Lottery proceeds and \$173 per state-funded ADA for 1990–91. Annually, the Lottery proceeds constitute about 5 percent of the operating revenues of Community Colleges. Since

1985–86, Community Colleges have received over \$620.7 million benefiting instruction and instructional support activities. The Lottery proceeds for the Community Colleges are allocated to colleges based on each district's annual ADA. Quarterly disbursements are made directly from the State Controller's Office to County Treasurers, with no further control of the funds by the state. The funds must be used exclusively for the education of students. (See Table 4-5)

“There has been a steady and dramatic increase in state funding support for capital outlay in community colleges since 1983–84.”

Table 4-5

Lottery Revenues
(Dollars in Millions)

	1987–88	1988–89	1989–90 ¹	1990–91 ²
K–12 education	\$650.85	\$834.14	\$834.86	\$834.86
California Community Colleges.....	96.84	126.94	127.05	127.05
The California State University.....	35.91	46.19	46.23	46.23
University of California	20.15	25.98	26.01	26.01
Hastings College of the Law21	.24	.24	.24
California Maritime Academy05	.07	.07	.07
Department of the Youth Authority.....	.75	1.10	1.11	1.11
Department of Developmental Services.	—	.20	.91	.91
State Special Schools.....	.04	.15	.15	.15
Total.....	\$804.8	\$1,035.12	\$1,036.62	\$1,036.62

¹Based on Lottery Commission projections.

² The Lottery Commission does not make projections beyond the current year; therefore, the 1990–91 estimated Lottery revenues are held constant from 1989–90. The Lottery Commission does expect increased sales and therefore increased revenues for education in 1990–91. A revised estimate will be provided in May.

Higher Education

I am proud of California's tradition of excellence in higher education. It is the greatest investment we can make in our future. It deserves nothing less than the total commitment, sacrifice and support of every American.

Governor George Deukmejian
May 1985

California's public and private higher education institutions are a keystone of our social and economic vitality. Our universities are world-renowned centers for innovation and discovery in science, medicine, technology, agriculture, economics, public policy and our national defense. The productivity of our private enterprise economy depends on an educated and literate citizenry.

California has done more than any other state to make higher education accessible to its citizenry. These achievements developed from the 1960 master plan for higher education, which drew the blueprint for California's three public segments of higher education: the California Community Colleges (See K-12 and Community Colleges in the Summary.) which are open to all students able to benefit from instruction; the California State University, a multipurpose institution with an emphasis on teaching; and the University of California, a research institution. This system, combined with student fees that are among the lowest in the nation, have led Californians

to attain one of the highest rates of college attendance among the states.

Our nearly 300 public and private colleges and universities educate over 2.0 million students each year, or nearly one out of every 10 California adults.

Over the past seven years, this Administration has funded major initiatives to maintain the quality and accessibility of our universities, and to enable these institutions to meet the major challenges now facing our higher education system and our state. New facilities have been funded to accommodate burgeoning enrollments. Resources for instruction and research have been provided to guarantee the continued attraction of talented students and faculty. New programs focused on the Pacific Rim will help keep California in the vanguard of commerce and economic development.

Educational equity and affirmative action programs have addressed the needs related to the state's growing demographic diversity to ensure educational opportunities for all our citizens. Among undergraduate students at UC and CSU campuses, the numbers of Hispanic students grew by 66 percent, Asian and Other students by 61 percent, Black students by 10 percent, and White students by 5 percent, between 1982 and 1989. These gains in minority enrollment resulted not only from the differential growth rates among high school graduates, but also from the efforts of all segments combined to increase access to higher education among the underrepresented ethnic groups.

From 1982-83 to 1990-91, funding for public Higher Education has increased by more than \$2.5 billion (98 percent), from \$2.6 billion to \$5.1 billion (see Table 5-1). The full-time equivalent students served by the four year public institutions has increased to over 430,000, or an increase of nearly 58,000 (see Table 5-2). Student aid funding has increased by more than 100 percent, and the number of students receiving grants from the Student Aid Commission to attend public and private institutions has risen by 29 percent to 82,525.

University of California

The University of California's fundamental missions are teaching, research and public service. Undergraduate instructional programs are available to all eligible California high school graduates who wish to attend the University. The California master plan for higher education designates the University of California as the primary state-supported academic agency for research with exclusive jurisdiction in public higher education for instruction in law and graduate instruction in medicine, dentistry and veterinary medicine. Sole authority is also vested in the University to award doctoral degrees in all fields, except that joint doctoral degrees with the California State University may be awarded.

The University of California has a reputation for excellence. Its faculty are well represented in the membership of prestigious organizations such as the National Academy of Sciences and among winners of the Nobel Prize and Guggenheim Fellowships. Its graduate programs

Table 5-1

**Higher Education Expenditures:
General Fund, Lottery Funds,
Student Fees and Local Revenue Sources**

(Dollars in Millions)

	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1990-91 vs 1982-83
Univ. of California ¹	1,356.9	1,375.7	1,713.3	1,947.8	2,073.2	2,230.5	2,367.1	2,595.2	2,726.5	100.9%
Calif. State University...	1,107.6	1,209.5	1,398.2	1,541.7	1,628.9	1,735.3	1,830.9	2,024.4	2,128.5	92.2%
Student Aid Commission.....	79.4	81.1	90.8	105.8	112.1	118.1	129.2	160.5	162.7	104.9%
Other Higher Ed. ²	43.2	42.4	45.9	48.3	45.9	62.9	59.5	71.2	93.7	116.9%
"Total" Funds.....	\$2,587.1	\$2,708.7	\$3,248.2	\$3,643.6	\$3,860.1	\$4,146.8	\$4,386.7	\$4,851.3	\$5,111.4	97.6%

¹ For purposes of this table, expenditures for the University of California have been adjusted to include student fees and other offsetting income. This provides consistency in comparing magnitudes and growth among the various segments of education.

² The Other Higher Education amount includes General Obligation Bond Interest and Redemptions and Interest on PMIA Loans for UC, CSU and HCL; California Postsecondary Education Commission; Hastings College of the Law; and California Maritime Academy.

Table 5-2

**Higher Education
Full Time Equivalents (FTE)
or Average Daily Attendance (ADA)**

	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1990-91 vs 1982-83
University of California.	129,643	130,822	133,705	136,928	141,776	145,983	150,020	152,213 ¹	154,101	24,458
California State University.....	240,990	241,549	242,295	248,025	252,331	257,839	267,451	267,380 ²	274,500	33,510
Hastings College.....	1,466	1,474	1,494	1,463	1,466	1,341	1,341	1,340 ¹	1,340	- 126
California Maritime.....	476	466	441	406	352	337	358	371 ¹	380	- 96
Total Students.....	372,575	374,311	377,935	386,822	395,925	405,500	419,170	421,304	430,321	57,746

¹ Budgeted.

² Budgeted. Estimated Actual 1989-90 enrollment is 272,081 FTE.

consistently rank at the top of national ratings of quality. The University is among the leading universities in the country in awards for research funding, attracting large amounts of extramural funds for expenditure within California. In 1988-89, for example, the University spent approximately \$710 million received from the federal government and private sources for research. The research activities of University faculty benefit Californians in a multitude of ways, ranging from increases in industrial and agricultural productivity to advances in health care.

This Administration has consistently worked to ensure the continued excellence of the University's programs now and in the future. In the period 1982-83 to 1990-91, the University's General Fund operating budget increased by 95.8 percent to \$2.2 billion.

Budget increases have supported the substantial replacement of obsolete instructional equipment, greater student access to computers for instructional purposes, and improved maintenance and repair of buildings.

Student Enrollment. There has been a steady increase in demand

for admission, to the University among undergraduate students eligible for admission, especially at the freshman level. Undergraduate enrollments have increased by 23,214 full-time equivalent (FTE) students, or 25 percent, for the years 1982-83 through 1990-91. During the same period, general campus graduate and health science enrollments have shown a net increase of 1,244 FTE students, primarily in disciplines of major significance to California's economic health such as engineering and the sciences. To support these increases \$133 million has been provided.

Research. Faculty at the University of California engage in three major activities: instruction, research, and public service. These activities are closely interwoven and mutually beneficial. Faculty research often stimulates changes in the curriculum, improvement of teaching material, the development of new courses, and even new disciplines in rapidly advancing fields such as genetics, microelectronics, and information and computer sciences. During the period 1983–84 through 1990–91, this Administration provided \$23.3 million to improve and expand the University's research capability. This increased funding has been used to support numerous research programs in areas of particular concern to California, including AIDS research, toxic substances, biotechnology, earthquake engineering, and renewable natural resources.

Employee Compensation. Each year, a report of the California Post-secondary Education Commission shows the adjustment required for the University to achieve the average salary projected for eight salary comparison institutions that reflect competitive conditions the University faces in the academic marketplace. The comparison institutions are Harvard University, University of Illinois, Massachusetts Institute of Technology, University of Michigan, Stanford University, University of Virginia, Yale University and the State University of New York at Buffalo.

During this Administration, University faculty salaries increased by 7 percent in 1983–84, 16 percent in 1984–85, 8.8 percent in 1985–86, 5 percent in 1986–87, 5.7 percent in 1987–88, 3 percent in 1988–89, 4.7 percent in 1989–90 and a 4.8 percent increase effective January 1, 1991. In total, this Administration since 1982–83 has provided funds to increase faculty salaries by 69 percent. As a result, acceptance by first-offer candidates for faculty positions increased from 72 percent to an average of 87 percent for the past

several years, with significant implications for the future excellence of the University.

Another \$14.6 million is proposed for a 3.9 percent nonfaculty salary increase effective January 1, 1991. Also, \$15.9 million is provided to maintain employee and annuitants health, dental and vision benefits.

Student Fees and Financial Aid.

During this Administration, a long-term student fee policy and a specific fee level calculation methodology were adopted. The underlying principle of the policy is to keep fees as low as possible with increases, if necessary, that are gradual, moderate and predictable. This policy was placed in statute in 1985 and was effective through 1989–90. The Governor's Budget continues this policy and proposes a fee increase of 4.7 percent, or \$69 for a full-time student. With this change, mandatory systemwide fees since 1982–83 will have risen from \$1,235 to \$1,545—a 25 percent increase while fee related financial aid will have grown from \$51.5 million to over \$71.5 million—a 39 percent increase (see Figure 5-A).

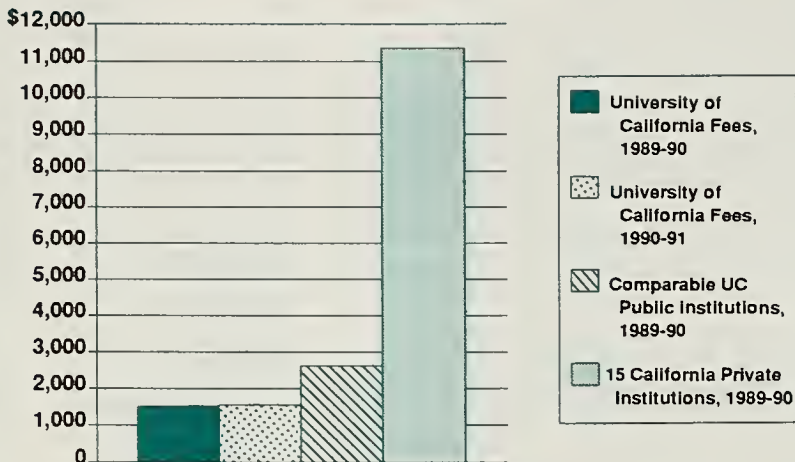
Student Affirmative Action. In the period 1983–84 through 1990–91, the Regents and this Administration together have added \$7.5 million to the University's budget for programs designed to increase the representation of ethnic and racial minorities, and women where underrepresented, among the University's students and faculty. These programs have had demonstrable success. For example, since 1984–85, freshman applications from underrepresented California high school students have increased 31.4 percent and regular admissions of underrepresented students have grown by 63.6 percent.

As reflected in Figure 5-B, from 1982 to 1988, among California residents, the number of new freshmen from underrepresented groups enrolling at the University more than doubled, from 1,994 to 4,138—an increase of 108 percent. This growth has resulted primarily from an increase in regularly admissible applicants,

*“From
1982–83 to
1990–91,
funding for
public
Higher
Education
has increased
by more than
\$2.5 billion
(98 percent) . . .”*

Figure 5-A

**University of California
Comparison of Fee and Tuition Levels
at Comparable Universities
and California Private Institutions**



rather than from special action admissions. Overall, among University undergraduates, the number of students from underrepresented groups almost doubled from, 9,914 in Fall 1982 to 18,193 in Fall 1988. That increase raised the percentage of underrepresented students in the total undergraduate student body from 10.1 percent in 1982 to 15.2 percent in 1988.

Lottery Fund Expenditure. UC lottery revenues and expenditures for 1990-91 are estimated at \$26.0 million. In the current year, UC is using its \$26.0 million allocation of lottery funds to continue restoring the fiscal health of instructional programs by budgeting \$8.7 million for instructional computing operating costs, \$16.0 million for new instructional support, and \$1.3 million for reduction of the backlog of obsolete instructional equipment. Lottery funds enable the University to expand student access to computing and also help assure that new equipment for rapidly advancing

and newly emerging fields of knowledge is available to support the instructional program.

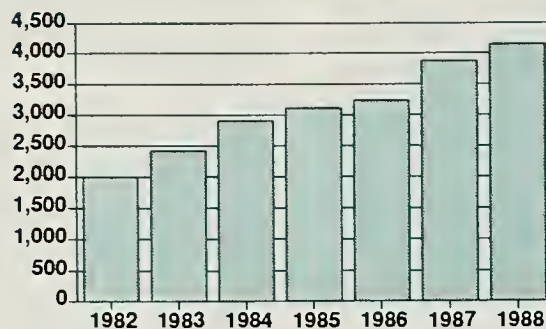
Budget Adjustments. Due to the constraint on General Fund

resources, the 1990-91 budget proposes the following budgetary reductions: \$5,000,000 from the Hospital Subsidy and \$1,400,000 from increased UC income. In addition, the 1989 Budget Act reduced UC's 1989-90 appropriation by deferring the entire General Fund employer contribution to the University of California Retirement System. An appropriation to fund the retirement costs will be proposed in separate legislation to be effective prior to September 30, 1991. This will include \$5.3 million as the first of 30 installments to pay back the amount deferred in 1989-90 and \$50.3 million to continue the annual employer contribution.

Capital Outlay. Another key element in ensuring the continued excellence of the University has been increased funding for capital improvements to recognize both a serious shortage of space related to enrollment growth and technological or functional obsolescence of existing space. During the period 1983-84 through 1990-91, state authorizations for the University's capital outlay program will have totaled nearly \$1.2 billion, which is equivalent to the funding that would be required to start up 3 new campuses and bring each one to an initial enrollment level of 7,000 stu-

Figure 5-B

**University of California
Enrollment Growth of
Underrepresented Minority Freshmen
(Number of Students)**



dents. This funding has supported construction, renovation, and expansion of classrooms, laboratories, and libraries as well as projects to renew infrastructure on the campuses and meet life safety requirements.

The budget proposes a total of \$226.6 million for the University's capital outlay program financed from bond funds, \$127 million from a proposed \$900 million general obligation bond measure and \$99.6 million from the Public Buildings Construction Fund.

State funds will be used to provide construction for the Life Sciences Building renovation and handicapped access improvements at Berkeley; the engineering unit 2 and the electrical system modification at Davis; the Steinhaus Hall renovation, the Science Library and the Central Plant Chiller at Irvine; the school of engineering and applied sciences retrofit, and the Anderson Graduate School of Management at Los Angeles; the electrical distribution system and the central plant boiler at Riverside; the Central Library addition, the Sciences Building, handicapped access improvements and central plant improvements at San Diego.

Additional construction projects include the Medical Sciences Building electrical system improvements at San Francisco; colleges nine and ten academic facilities, the Science Library released space alterations and handicapped access improvements at Santa Cruz. Planning and/or working drawing funds are included for 24 other University projects. In addition, funds are proposed to equip four facilities which will be completed in 1990-91.

California State University

The California State University (CSU) enrolls over 372,000 individual students and is the largest four-year system of higher education in the nation. CSU awards about 53,000 baccalaureate and graduate degrees annually. By the time the 1990-91 academic year is com-

pleted, CSU will have awarded about 420,000 degrees during this Administration, a number which is equivalent to the entire population of Long Beach.

Enrollment. The period of 1982-83 through 1990-91 is one of major enrollment growth for CSU. The number of full-time equivalent (FTE) students will have increased by 33,510 or 13.9 percent, to 274,500, which is an increase of 7,120 FTE students over the 1989-90 budgeted level. To help accommodate this burgeoning growth, new off-campus learning centers were established in Bakersfield in 1986-87, and in Mission Viejo and Salinas in 1989-90. Also, a new campus was founded in San Marcos in 1989, which will serve its first 250 FTE students in the Fall of 1990. The 1990-91 budget includes \$32.1 million and 746 personnel years for new enrollment, including \$8.3 million and 122 personnel years for the San Marcos campus.

Faculty Initiatives. Recognizing that the caliber of a university is determined by the caliber of its faculty, this Administration has striven to ensure that CSU has the necessary resources to attract and retain high-quality faculty. When this Administration took office, faculty salaries were not competitive with comparable institutions, and CSU was having difficulty recruiting.

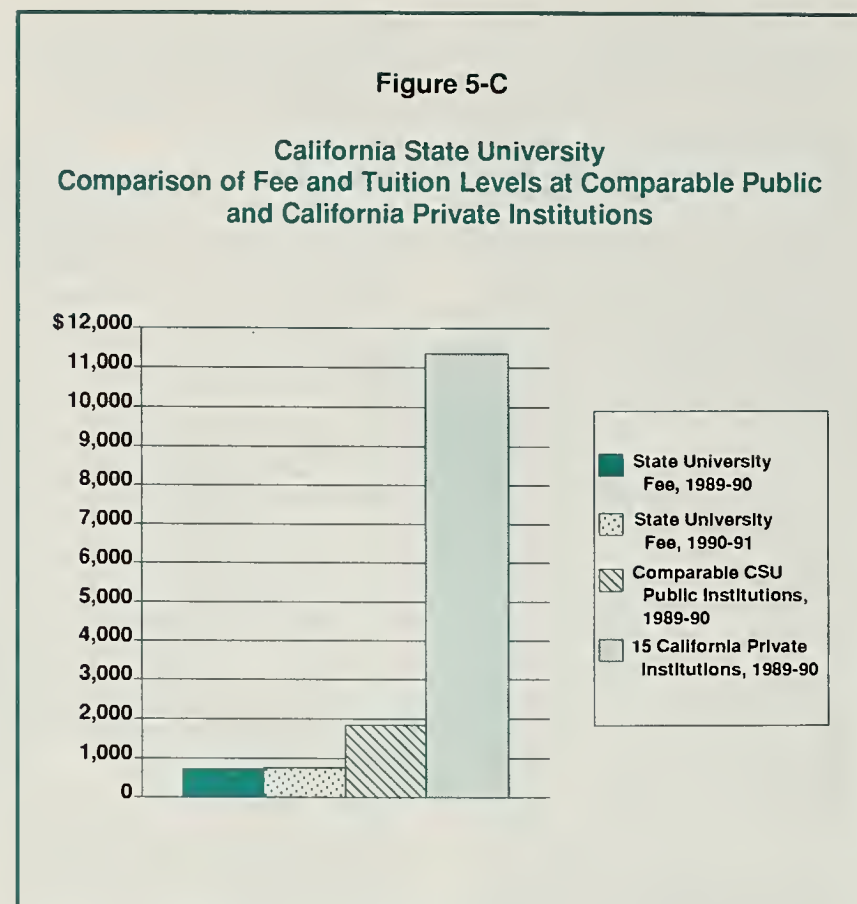
Under this Administration, faculty salaries have been based on salaries at comparable institutions. The 1990-91 budget continues this policy, and proposes \$24.1 million for a 4.9 percent faculty salary increase, effective January 1, 1991, bringing the cumulative increase in faculty salaries under this Administration to 69 percent. Additional resources were also provided in 1984-85 and 1988-89 for recruitment and for above-scale salaries in high demand disciplines such as engineering and computer science. As a result of these improvements, faculty recruitment has been more successful. For the 1988-89 academic year, 71 percent of new positions were filled with tenure track appointments, 87 percent of which were

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State
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(CSU) enrolls
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higher
education in
the nation.”*

made to the first-choice candidate. In 1988–89, \$2.5 million was provided for faculty research, the first funding ever provided for this purpose. The research funds are helping CSU faculty continue to grow professionally and maintain vital instruction in the classroom.

Instructional Materials. To help ensure that students are provided with state-of-the-art instructional materials, the Administration established a program for the regular replacement and upgrading of instructional equipment. From 1983–84 through 1990–91, the program will have provided over \$77 million for this purpose. The 1990–91 level of funding is \$13.4 million. Resources have also been provided to integrate the use of computers into classroom instruction wherever possible. Since 1983–84, CSU has acquired over 4,700 student computer workstations and now has nearly 13,000, or about 62 percent of the estimated need. In addition, \$7.3 million was provided from 1984–85 to 1987–88 to augment instructional supplies and services, and \$3.4 million was provided in 1984–85 for technical staffing for laboratories and sophisticated equipment in instructional programs.

Maintenance of Facilities. This Administration has provided CSU additional resources to maintain its buildings and ensure their safety. When the Administration took office in 1983, CSU buildings had been neglected, and critical maintenance had been deferred. A program was begun for deferred maintenance and special repairs, and a total of \$60 million has been provided. In 1985–86, funds were provided to implement an automated system to manage building maintenance, and in 1987–88 and 1988–89, a total of \$3.5 million was added to increase the ongoing level of building maintenance. Beginning in 1985–86, funds have been provided for asbestos abatement. In 1990–91, \$10.6 million in bond funds is proposed for this purpose, for a cumulative total of \$36 million since the program was initiated.



Telecommunications and Data Processing. The Administration has also provided resources to equip CSU with up-to-date technology to manage its institutions. Following the deregulation of the telephone industry, efforts were initiated to upgrade communications utilities on the campuses. Since 1985–86, \$15 million has been provided, and new utilities have been installed on 12 campuses. CSU also began to automate its library catalog in 1986–87; since that time \$4.5 million has been expended and automation is complete on 12 campuses. Finally, resources have been invested to improve administrative computing. The Administration provided \$1 million in 1985–86 for a study of administrative computing, and CSU campuses have utilized the study's findings to make more efficient use of existing resources in upgrading equipment and systems.

Student Fees and Financial Aid. During this Administration, a consensus was reached on policy towards student fees: fees would increase based on the increase in state support, and that financial aid would be provided to cover fee increases for students who could not afford them. This policy was placed in statute in 1985, and was effective through 1989–90. The Governor's Budget continues this policy and proposes a fee increase of 4.8 percent, or \$36 for a full-time student. With this change, mandatory systemwide fees since 1982–83 will have risen from \$430 to \$744—a 73 percent increase, while fee-related financial aid will have grown from \$4.2 million to \$19.8 million—a 376 percent increase including \$5.3 million additional aid proposed for 1990–91. Currently, CSU fees are less than half of those at comparable at institutions, and 15 times less than

the major California private institutions (see Figure 5-C).

Formula Driven Adjustments. To calculate the cost and personnel requirements associated with maintaining programs and services at the levels approved by the Governor and the Legislature, CSU employs a multitude of budget formulas. These budget formulas provide an estimate of the costs necessary to maintain programs and services according to approved workload standards. Due to the constraints on General Fund resources, these adjustments will be only partially funded in 1990–91, for an increase of \$5 million and 127 personnel years. Funded programs and services include faculty staffing levels, faculty sabbatical leaves, instructional support staff, library functions, and student services.

Employee Compensation. In addition to the faculty salary increase noted above, the 1990–91 budget proposes \$3.3 million for merit salary adjustments for faculty. Another \$13.3 million is proposed for a 3.9 percent nonfaculty salary increase, effective January 1, 1991. Also, \$20.3 million is provided to maintain employee health, dental, vision and life insurance benefits.

Underrepresented Students. This Administration has also undertaken programs to help those students facing particular challenges achieve academic success. Affirmative action programs have increased by \$18.8 million, and provide a variety of intensive learning and support services. In 1987–88 and 1989–90, nearly \$1 million was provided to increase child care services for student parents, and over \$1 million was provided to add new types of services for learning disabled students. For 1990–91, \$551,000 is proposed to increase the maximum amount of financial aid grants in the Educational Opportunity Program.

Intersegmental Programs. Cooperative programs with other education segments have been established and now have annual budgets of \$4.3 million. These programs employ a variety of means to

improve the preparation of underrepresented students for higher education, assist students in transferring from community colleges, and improve the success of new teachers in the classroom.

Lottery Funds. Lottery expenditures for 1990–91 are expected to be \$46.2 million. CSU allocates funds to a dozen different programs in priority areas, based on consultation involving the campuses, the Academic Senate and CSU students.

Budget Adjustments. Due to the constraint on General Fund resources, the 1990–91 budget proposes the following budgetary reductions: \$747,000 in deferred maintenance and special repairs; \$1.5 million in instructional equipment replacement; and an additional \$14.5 million in unallocated reductions.

Capital Outlay. During the past seven years, this Administration has provided a dramatic increase in funding for capital construction. This effort has been aimed at both the renovation and modernization of existing facilities and the construction of new facilities to meet the needs of a rapidly expanding student enrollment.

In 1983–84, a total of \$13.3 million was provided for eight projects. In 1989–90, \$182 million was provided by the state for 52 facilities, 13 of which were new projects. From 1983–84 through 1989–90, CSU's capital outlay program has totaled \$607 million. During that period a total of 104 new projects have been initiated. They include new and renovated classrooms, laboratories, libraries, physical education facilities and high technology projects such as engineering and science buildings. In addition, funding has been provided for the acquisition and initial development of the new campus at San Marcos in northern San Diego County.

For 1990–91 the proposed funding level is \$201.5 million, \$119.4 million from a proposed \$900 million general obligation bond measure and \$82.1 million from the Public Build-

“During the period 1983–84 through 1990–91, state authorizations for the University’s capital outlay program will have totaled nearly \$1.2 billion . . .”

ings Construction Fund. These funds will be used to fund a variety of construction projects, including the Music Building at Fresno; infrastructure for the off-campus center at Contra Costa; the Library Addition, Engineering Building renovations and the Dance Facility/Auditorium at Long Beach; the Business Administration/Economics and Education Building and the South Library Conversion at Northridge; the Laboratory Facility at Pomona; and a Classroom/Laboratory Building at Sacramento.

Additional construction projects include the School of Business/Information Sciences Building at San Bernardino; the Chemistry/Geology Building and the Classroom/Student Services Building at San Diego; the Physical Education Addition at San Luis Obispo; fire/life safety projects at Sacramento and San Jose; and utility projects at Pomona and San Diego.

In addition, the program includes 36 planning and/or working drawing projects that will renovate, expand or construct facilities plus equipment to complete 10 newly constructed or renovated buildings.

With the proposed 1990-91 funding, the eight-year total for capital outlay under this Administration will be \$809 million.

California Student Aid Commission

Almost one in every three full-time California college students receives some financial aid. Without that help, each year hundreds of thousands of students—many from low-income and ethnic minority groups traditionally underrepresented in postsecondary education—would have a reduced chance of studying beyond high school.

The state, through the Student Aid Commission, supports several financial aid programs. The major state funded programs include Cal Grant A, B, and C for undergraduate students, a loan assumption program for teachers, a state-sponsored college work-study pro-

gram, and a graduate fellowship program. In 1982-83, the Commission administered \$86.4 million in grant assistance to 64,131 students. Since then, total funding for grant programs has increased by 100 percent to \$173 million and the number served to a total of 82,525 students.

The Student Aid Commission also administers the Guaranteed Student Loan Program and serves as the state guarantee agency for federally reinsured student loans. This program guaranteed 202,455 educational loans for \$556 million in 1982-83. Over the past seven years, the program has grown due to the increased number of borrowers. As of September 30, 1989, the outstanding loans in the programs totaled to \$7.1 billion. There will be about 440,000 new loans for \$1.3 billion in 1989-90, and the same levels again in 1990-91. For 1990-91, the budget proposes an increase of \$75 million in the Commission's authority to purchase defaulted loans, due to the rapid growth in the loan programs in general as well as in the Supplemental Loans to Students in particular.

Additional New Awards Authorized. Since 1982-83, the number of grants awarded to students has grown by more than 18,000, largely through the increases in the number of authorized new awards. In 1982-83, the Cal Grant A, B, and C programs provided 23,062 first-time grants to undergraduate students and 39,400 grant renewals for previous award winners. In 1989-90, 31,220 first-time grants were awarded along with 48,071 renewals, for an increase of 35 percent in first-time awards.

Higher Maximum Awards Funded. A significant budget augmentation for 1989-90 brought maximum Cal Grant A and B awards to \$5,250 for independent college and proprietary school recipients. It also increased grants to cover the full mandatory systemwide and campus fees charged to University of California and California State University students. The \$5,250 maximum for independent college and proprietary school students is up 58 percent

from the \$3,330 maximum award in 1982-83. The award for University of California students has increased to an average maximum of \$1,702 for 1990-91. Awards to California State University students have more than tripled since 1982-83, as have required student fees, and will be about \$882 on average. In 1990-91, an additional \$2.155 million was included in the budget to cover new fee increases at the University of California and California State University.

New Programs Authorized.

Since 1982-83, two new financial assistance programs have been authorized to assist California students in paying for college. Because of the increasing K-12 enrollment and the anticipated retirement of existing teachers, the state is attempting to attract more college students to the teaching profession. Through the Assumption Program of Loans for Education, 500 warrants are authorized each year to students with outstanding student loan balances who teach up to three years in the subject areas of math, science, and bilingual education and at schools serving large populations of students from low-income families. Moreover, starting in 1989-90, Cal Grant recipients who enter qualified teacher credential programs will be able to receive an additional year of grant assistance.

The state has also funded a pilot work-study program that offers college and university students at fifteen California schools an opportunity to earn money to help defray educational expenses. These students also gain educationally beneficial and career-related work experience.

Support for Grant and Loan Program Automation. In 1987, the Administration approved a three-year \$5.6 million Commission proposal to develop a Financial Aid Processing System (FAPS) designed to administer both grant and loan programs with state-of-the-art technology. The development of new software and enhanced data processing capabilities will enable

the Commission to assume the external contract for the State Guaranteed Student Loan Program. The new, fully automated system will generate more than \$3 million in savings for the General Fund while expanding Commission services to students, schools, and financial institutions. In 1990–91, the Governor's Budget includes \$945,000 and 18.8 personnel years to provide the necessary support to implement FAPS.

Increased Services to Students and Institutions. In 1988, the Commission established a Central Inquiry Branch to provide prompt and accurate responses from a central location to phone and written inquiries on all Commission financial aid programs. When the loan program is administered in-house in 1990, the Commission expects to expand its service to accommodate nearly 24,000 calls and 4,400 pieces of incoming correspondence each month from students and other clients.

The Commission's reorganization under the FAPS will also enable it to develop and expand an Institutional Services Branch to provide increased service to educational and financial institutions which participate in its programs. Training and outreach is provided to counselors at more than 1,600 California sec-

ondary schools, and to financial aid personnel at 1,008 postsecondary education institutions and 152 financial institutions. The 1990–91 budget provides the Institutional Services Branch an additional \$183,000 and 3.8 personnel years to provide increased institutional services.

The Commission has also increased its services to students through the California Student Opportunity and Access Program. This program helps coordinate college outreach programs for high school students and assists in academic preparation for disadvantaged students.

Increased Oversight and Monitoring. In 1990–91, as a result of legislation in 1989–90 which will strengthen the standards for private postsecondary education institutions, the Commission will conduct additional compliance audits at a proposed cost of \$104,000 and 2 personnel years. The additional oversight will provide greater protection for students who apply for loans to attend these institutions.

In addition, the Commission will increase the frequency of compliance audits of the 1,008 schools and 152 lenders who participate in the Commission's programs. The 1990–91 budget provides \$204,000 and 3 personnel years for this purpose.

Health and Welfare

The truth is that, on the whole, California is one of the very best places in the world to raise a family. No state in the nation surpasses the range of diverse, educational and economic opportunities we offer our young people. Perhaps that is why parents and families from all over the world are beating a path to our door to start a new life . . .

Governor George Deukmejian
July 1989

Over 30 percent of the State's General Fund resources are directly committed to programs concerned with the public health and social services for needy Californians. In addition, revenues are provided to local governments which, according to local discretion, supplement the allocations reflected in the Health and Welfare section of the State's Budget.

California provides a broad range of services to its citizens needing assistance and opportunities in order to improve the quality of their lives. Services are available in each program area with a major goal being the provision of necessary services in the least restrictive environment, thus avoiding premature or unnecessary institutionalization. Individual programs include alcohol and drug prevention, cash assistance grants, medical care, community mental health treatment and meals for the elderly.

During the tenure of this Administration, programs within the purview of Health and Welfare have grown by over 97 percent. While this is a dramatic increase, in order to fully understand the impact of this additional funding on the lives of Californians, it is important to consider some of the actual accomplishments this additional funding has made possible. Specifically:

- \$17 million has been dedicated to develop and implement the larg-

est birth defects monitoring program in the world.

- In the AFDC program, the maximum grant (for a family of 3) has increased from \$506 per month to \$694 per month.
- Medi-Cal rates to providers for maternity care have risen by over 73 percent.
- California has the world's largest population-based cancer registry.

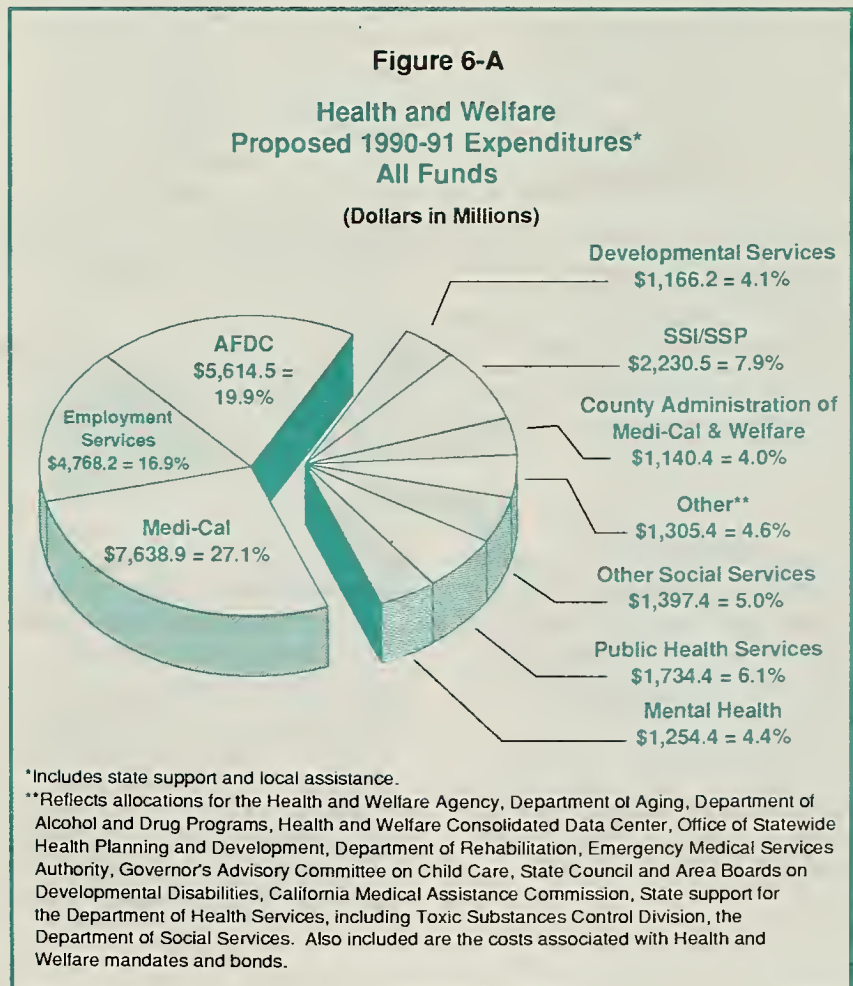


Table 6-1
Major Health and Welfare Program Caseloads

	<i>Average Monthly Caseload</i>		<i>Change</i>
	<i>1989-90</i>	<i>1990-91</i>	
1. California Children's Services (treatment of physical handicaps)	104,790 ^a	114,730 ^a	9,940
2. Medi-Cal (provisions of medical services to eligible poor)			
a. Certified eligible (total)	3,396,600	3,498,200	101,600
b. Certified eligible (fee-for-service only)	2,954,600	3,002,400	47,800
c. Average monthly users (fee-for-service only)	1,490,300	1,514,200	23,900
3. AFDC (support for unemployed persons with minor children)	624,600	664,600	40,000
4. SSI/SSP (support for aged, blind and disabled)	802,400	832,100	29,700
5. State Hospitals			
a. Mental health clients	4,600 ^b	4,742 ^b	142
b. Developmentally disabled clients	6,714 ^b	6,746 ^b	32
6. Community Developmentally Disabled Services			
a. Regional centers	97,491 ^f	102,531 ^f	5,040
b. Work activity program	18,277 ^h	18,277 ^h	—
7. Vocational Rehabilitation	23,000	23,500	500
8. Employment Services (individuals placed)	330,000	330,000	—
9. Unemployment Services (total weeks claimed)	20,469,400	20,340,500	— 128,900
10. Meals for Elderly Citizens	252,298 ^c	252,298 ^c	—
11. In-Home Supportive Services	143,100	106,053	— 37,047
12. Child Welfare Services	126,400 ^e	138,900 ^e	12,500
13. Food Stamps	642,025	658,908	16,883
14. Alcohol Programs	193,000 ^d	193,000 ^d	—
15. Drug Programs	128,200 ^d	128,200 ^d	—
16. Community Mental Health	145,200 ^g	149,000 ^g	3,800

^a This figure represents the unduplicated number of children in the CCS Program.

^b Represents the year-end population upon which the Budget is based.

^c Unduplicated participant count.

^d Number of participants served during the fiscal year.

^e Represents monthly Emergency Response, Family Maintenance, Family Reunification and Permanent Placement service area. Due to transfers between each service area a case may be reflected in more than one service area.

^f Represents the midyear average, including developmental center clients.

^g Represents an average monthly unduplicated caseload as reported in the client data system.

^h Assumes 1990-91 caseload is capped at revised 1989-90 level.

- Regional Centers are serving an additional 34,000 developmentally disabled clients, an increase of 50 percent, while the average funding provided for each client has increased by 74.5 percent.
- California's GAIN Program has served as a model for the nationwide Job Opportunity and Basic Skills programs contained in the Family Support Act of 1988.

- The number of abused and neglected children served monthly has grown from 19,126 to 138,900, over 625 percent.
- The Governor's Mental Health Initiative has added a total of 1,136 personnel years and \$51.6 million annually in General Fund to deliver a comprehensive program of planned scheduled treatment. In addition, at an estimated total cost of \$180 million, over 130 hos-

pital wards will be renovated to ensure compliance with current fire, life safety and environmental standards. The net result of these efforts has been to achieve national accreditation for all of California's state hospitals.

For 1990-91, Health and Welfare expenditures total over \$28 billion in combined state and federal funds and account for 40,894 personnel

years. The allocation of these funds is shown in Figure 6-A.

Proposed General Fund expenditures include \$842.7 million in recognition of caseload increases in a variety of program areas including AFDC, Medi-Cal, Mental Health, Child Welfare Services and Developmental Services. (Refer to Table 6-1 for caseload totals.)

Program Adjustments

As a result of the passage of Proposition 98, the Constitution requires that the growth in the non-education areas of the budget be restricted to the same growth rate as the education area. In 1990–91, the overall growth rate of the non-education area, after provision for a prudent reserve, can be no more than 5.2%. Since Health and Welfare expenditures represent the bulk of the non-education spending, it is necessary to limit the growth rate to a level significantly less than would normally occur.

Accordingly, in order to balance program demands against available resources in the Health and Welfare area, the Budget proposes General Fund adjustments in the following programs:

- A reduction of \$7.7 million to the Employment Development Department to reflect the elimination of the Service Center Program. Elimination of this program will result in the present clientele being served as part of the regular workload of the Employment Services Program and the Job Training Partnership Act Program.
- In 1989–90, the final Medi-Cal checkwrite will be delayed until the start of the 1990–91 fiscal year. This will reduce Medi-Cal expenditures in the current year by \$90 million (\$45 million General Fund). This delay will be carried through the 1990–91 year to the beginning of the 1991–92 fiscal year for an estimated net 1990–91 savings of \$6 million (\$3 million General Fund).

- A reduction of \$2.1 million General Fund and 2.4 personnel years in the Department of Aging's Linkages Program. This program reduction will allow the Department to continue to provide case management services to those elderly most at risk of institutionalization while providing necessary General Fund resources for mandated caseload programs.
- A savings of \$10 million General Fund in the Department of Rehabilitation due to the Administration's proposal to limit expenditures for the Work Activity and Supported Employment Programs to the amount contained in the annual Budget Act.
- A savings of \$5 million General Fund in the Department of Developmental Services due to the Administration's proposal to implement parental fees for targeted case management services based upon a means test. In addition, \$28.8 million in federal reimbursement is projected for the federal share of targeted case management services provided by Regional Centers.
- A savings of \$268.8 million General Fund in various Health and Welfare Programs (AFDC, SSI/SSP, IHSS, Medi-Cal and AB 8 COLA) due to the Administration's proposal to not grant statutory cost-of-living adjustments for these programs. California provides the highest grant amounts in both the SSI/SSP and AFDC programs when compared to other populous states. Withholding cost of living adjustments in the 1990–91 fiscal year will not jeopardize that position.
- A savings of \$24.1 million General Fund by holding 1990–91 funding levels in the Family Maintenance, Family Reunification and Permanent Placement components of the Child Welfare Services (CWS) program at current year levels. Funding is provided for all caseload growth in the area of Emergency Response.

“California provides a broad range of services to its citizens needing assistance and opportunities in order to improve the quality of their lives. . . . During the tenure of this Administration, programs within the purview of Health and Welfare have grown by over 97 percent.”

- A reduction of \$10.1 million General Fund to reflect the elimination of the Child Abuse Prevention Training Act (CAPTA) element within the Child Abuse Prevention program. As this program provides child abuse prevention training in state funded pre-schools and public schools from kindergarten through grade 12, its funding would appear to be more appropriate from resources guaranteed to local school districts under Proposition 98.
- A reduction of \$2.9 million General Fund and 35 personnel years in the Family Day Care element within the Community Care Licensing Program. The Family Day Care Licensing Program will be restructured to continue the activities of initial licensure, including fingerprinting, and oversight and administration of various corrective actions regarding those homes considered to be a potential health/safety risk.
- A reduction of \$91.6 million (\$74.2 million non-Proposition 98 General Fund) from full funding in the Greater Avenues for Independence (GAIN) program for 1990–91. To achieve this level of savings, services will be directed, as provided by statute, to AFDC recipients who have been on aid for longer periods of time. Therefore, the GAIN program will continue to serve those individuals who have historically had the most difficulty in entering the workforce.
- A reduction of \$71.1 million General Fund in the In-Home Supportive Services (IHSS) Program. This proposal would restructure IHSS eligibility requirements to provide benefits to recipients who are the most physically limited and therefore in the most need of services (\$60.1 million savings). In addition, this proposal would eliminate the hourly wage to the IHSS recipients' relatives who serve as care providers in cases requiring limited care (\$11 million General Fund savings).
- A reduction of \$5 million General Fund in the Toxics Substances Control Program which will be offset by availability of \$6 million in Bond funds for site mitigation and clean-up in 1990–91.
- In 1990–91, the June payment to counties for the Medically Indigent Services Program (MISP) will be deferred until July in the 1991–92 fiscal year resulting in reduced expenditures in 1990–91 of \$25 million General Fund.
- A reduction of \$41.1 million General Fund, from anticipated 1990–91 funding levels, due to the Administration's proposal to repeal current law which transferred mental health and residential services for children, pursuant to an individualized education plan, from the Department of Education to the Departments of Mental Health and Social Services. These services will continue to be provided by the Department of Education, consistent with requirements of federal law.
- A reduction of \$74.5 million (\$36.4 million General Fund) to reflect elimination of six of California's thirty optional Medi-Cal benefits. The optional services proposed for reduction are medical transportation, psychology, chiropractic, podiatry, acupuncture and heroin detoxification. Restriction of optional services under Medicaid is a priority-setting process being most actively pursued by the State of Oregon, and is a direction in health care finance that more states probably will follow.
- A savings of \$50 million (\$23.9 million General Fund) to be realized through implementation of a program to secure reduced prices from pharmaceutical firms for Medi-Cal drugs. By including a feature whereby the state assumes ownership of the pharmaceutical products, the Medi-Cal Program will be a purchaser of the same type as, for example, the U.S. Veterans Administration—an agency which enjoys relatively low drug prices.
- A savings of \$56.3 million (\$28.2 million General Fund) to be achieved by reducing the reimbursement rate for incontinence supplies. Currently, these supplies are purchased at average wholesale price plus fifty percent.
- A net reduction of \$20 million (\$10 million General Fund) due to Medi-Cal provider rate restructuring through changes in the Relative Value Scale (RVS). This proposal is similar to RVS changes mandated for study by the federal Medicare program by Congress in the Omnibus Budget Reconciliation Act of 1989.
- A reduction of \$150 million General Fund for the county AB 8 program. The provision of pregnancy-related and emergency services to undocumented aliens under Medi-Cal has relieved the counties of the costs associated with this portion of their traditional public health caseload.

Proposition 99: The Tobacco Tax and Health Protection Act of 1988

In November 1988, the voters of California approved Proposition 99, the Tobacco Tax and Health Protection Act. Proposition 99 imposes an additional tax upon cigarette and tobacco products.

- 20 percent of the revenues collected from this tax is deposited into the Health Education Account to be used for the prevention and reduction of tobacco use.
- 35 percent of the revenue is deposited into the Hospital Services Account to be used for the treatment of hospital patients who cannot afford to pay for their treatment.
- 10 percent of the revenue is deposited into the Physician Services Account and is allocated to pay physicians for uncompensated services provided to patients.

- 5 percent of the revenue is placed into the Research Account for tobacco-related disease research.
- 5 percent of the revenue is deposited into the Public Resources Account and is allocated equally for both of the following: programs to protect, restore or maintain fish, waterfowl and wildlife habitat; and programs to enhance state and local park and recreation resources.
- 25 percent of the revenue goes into the Unallocated Account and is appropriated for any purpose provided for in any of the other accounts. (Refer to Tables 6-2 and 6-3).

In order to meet the mandates of the Initiative, that the funds from the Health Education, Hospital Services, Physician Services and Unallocated accounts be allocated to health related programs, the Administration and the Legislature agreed on a two year allocation plan which was implemented through legislation (AB 75). The Governor's approval of AB 75 provided additional funding for health programs totalling over \$700 million in 1989-90 and over \$510 million in 1990-91.

The budget reflects the appropriations in AB 75 as well as additional amounts which are proposed for appropriation in the 1990 Budget Bill. Specifically, the Governor's Budget proposes \$35 million to increase the level of funding for the California Healthcare for Indigents Program and \$10 million, in addition to the currently authorized level of \$25 million, for local mental health programs.

Programs established utilizing Proposition 99 revenues which are being implemented by the Department of Health Services are multi-faceted. The 1989-90 funding level for these programs is \$668 million and 75.1 personnel years. The 1990-91 budget includes \$495 million and 89.4 personnel years for the various programs. Included in these amounts

are administrative costs to be incurred by the Department of Health Services.

The Preventive Medical Services Division is responsible for the health education component of Proposition 99. The component requires a cooperative effort between the DHS, local lead agencies, and the Department of Education. The focus of this program is on health promotion, disease prevention, and risk reduction. The target populations are identified as school age youths and families, Blacks, Hispanics, Native Americans, Asian-Pacific Americans, pregnant women, and current smokers. The 1990-91 Budget includes \$61 million and 22.8 personnel years to fund the following program components:

- Oversight, Data Collection and Analysis: Establishes a surveillance/evaluation system to monitor the utilization of tobacco in California and the costs of tobacco-related disease;
- Anti-Tobacco Media Campaign: Awards a competitive contract for the development of media campaign concepts, advertising and strategies to promote smoking prevention;
- Competitive Grants: Provides funding for statewide and regional training programs, resource materials development and innovative strategies to reach special populations;
- High-Risk Population: Assist local health departments to target high-risk populations in the areas of cessation and preventing development of tobacco use;
- School-Aged Populations: DHS serves as the liaison between the Department of Education and the oversight committee to coordinate funding of school-based programs.

In addition, the 1990-91 budget contains \$387 million and 34.2 personnel years for the following programs in the Rural and Community Health Division:

“In order to meet the mandates of the Initiative, that the funds from the . . . accounts be allocated to health related programs, the Administration and the Legislature agreed on a . . . plan which was implemented through legislation (AB 75).”

Table 6-2
Cigarette and Tobacco Products Surtax Fund
1988-89 and 1989-90 Revenues and Appropriations

(Dollars in Thousands)

	<i>230 Board of Equalization</i>	<i>231 Health Education Account</i>	<i>232 Hospital Services Account</i>	<i>233 Physician Services Account</i>	<i>234 Research Account</i>	<i>235 Public Resources Account</i>	<i>236 Unallocated Account</i>	<i>Total</i>
1988-89 Revenues.....	-	\$65,746	\$115,055	\$32,873	\$16,436	\$16,436	\$82,182	\$328,729
1988-89 Interest	-	88	154	44	22	22	110	439
1989-90 Revenues.....	\$568	\$115,086	\$201,401	\$57,543	\$28,772	\$28,772	\$143,858	\$576,000
1989-90 Interest	-	6,700	7,100	2,000	2,100	1,300	6,900	26,100
TOTAL, REVENUES.....	\$568	\$187,620	\$323,710	\$92,460	\$47,330	\$46,530	\$233,050	\$931,268
Transfers:.....		(20.0%)	(35.0%)	(10.0%)	(5.0%)	(5.0%)	(25.0%)	(100%)
Ch. 1168/89 (AB 60)								
Major Medical Insurance								
Board	-	-	-	-	-	-	(\$250)	(\$250)
Fish & Game to CWHPA ¹	-	-	-	-	-	(\$1,000)	-	(\$1,000)
Total Transfers.....	-	-	-	-	-	(\$1,000)	(\$250)	(\$1,250)
Revised Total Resources	\$568	\$187,620	\$323,710	\$92,460	\$47,330	\$45,530	\$232,800	\$930,018
1989 Appropriations:.....								
(Chapters 93, 1241, 1279, 1331 & 1400, Statutes of 1989)								
Board of Equalization	\$554	-	-	-	-	-	-	\$554
University of California	-	-	-	-	\$40,923	-	-	40,923
Dept. of Health Services	-	\$115,000	\$298,252	\$85,215	1,658	-	\$168,038	668,163
Forestry & Fire Protection	-	-	-	-	-	\$1,273	300	1,573
Boating & Waterways	-	-	-	-	-	3,592	-	3,592
Fish and Game	-	-	-	-	-	5,788	-	5,788
California Conservation								
Corps	-	-	-	-	-	210	-	210
California Tahoe Conser-								
vancy.....	-	-	-	-	-	1,000 ²	-	1,000
Water Resources Control								
Board	-	-	-	-	-	233	-	233
Wildlife Conservation								
Board	-	-	-	-	-	5,500	-	5,500
Parks and Recreation	-	-	-	-	-	18,673 ²	-	18,673
Water Resources	-	-	-	-	-	1,300	-	1,300
Dept. of Mental Health	-	-	-	-	-	-	25,000	25,000
Employee Compensa-								
tion— (Various Depts) ..	14	-	-	-	-	22	-	36
Office of Statewide Health								
Planning and								
Development	-	-	225	-	-	-	-	225
Department of								
Education	-	36,000	-	-	-	-	-	36,000
Resources Agency	-	-	-	-	-	400	-	400
Coastal Conservancy.....	-	-	-	-	-	2,750	-	2,750
Total, Appropriated								
for Expenditure.....	\$568	\$151,000	\$298,477	\$85,215	\$42,581	\$40,741	\$193,338	\$811,920
Remaining Balance	-	\$36,620	\$25,233	\$7,245	\$4,749	\$4,789	\$39,462	\$118,098

¹ California Waterfowl Habitat Preservation Account

² Includes amounts appropriated in 1989-90, but not expected to be expended until later years.

Table 6-3

**Cigarette and Tobacco Products Surtax Fund
1990-91 Revenues and Appropriations**

(Dollars in Thousands)

	<i>230 Board of Equalization</i>	<i>231 Health Education Account</i>	<i>232 Hospital Services Account</i>	<i>233 Physician Services Account</i>	<i>234 Research Account</i>	<i>235 Public Resources Account</i>	<i>236 Unallocated Account</i>	<i>Total</i>
Beginning Balance	—	\$36,620	\$25,233	\$7,245	\$4,749	\$4,789	\$39,462	\$118,098
1990-91 Revenues	\$463	\$112,107 (20.0%)	\$196,188 (35.0%)	\$56,054 (10.0%)	\$28,027 (5.0%)	\$28,027 (5.0%)	\$140,134 (25.0%)	\$561,000 (100%)
Estimated Interest	—	\$6,700	\$600	\$100	\$2,600	\$200	\$4,700	\$14,900
Total Resources	\$463	\$155,427	\$222,021	\$63,399	\$35,376	\$33,016	\$184,296	\$693,998
Less 5% Reserve	—	\$7,771	\$11,101	\$3,170	\$1,769	\$1,651	\$9,215	\$34,677
Available for Appropriation	\$463	\$147,656	\$210,920	\$60,229	\$33,607	\$31,365	\$175,081	\$659,321
Appropriations:								
CH. 1331/89 (AB 75)								
Department of Education	—	\$32,600	—	—	—	—	—	\$32,600
Department of Mental Health	—	—	—	—	—	—	\$25,000	25,000
Department of Health Services	—	80,591	\$198,487	\$56,728	—	—	117,048	452,854
Subtotal—Amount Appropriated	—	\$113,191	\$198,487	\$56,728	—	—	\$142,048	\$510,454
Proposed 1990/91 Budget								
Department of Health Services (Admin Costs)	—	\$2,186	\$1,827	\$616	\$1,658	—	\$1,292	\$7,579
Department of Health Services CHIP ¹	—	—	10,156	2,653	—	—	21,741	34,550
Mental Health	—	—	—	—	—	—	10,000	10,000
Department of Education Office of Statewide Health Planning and Development (Admin Costs)	—	3,400	—	—	—	—	—	3,400
University of California Support	—	—	—	—	31,949	—	—	31,949
California Tahoe Conservancy	—	—	—	—	—	\$1,500	—	1,500
California Conservation Corps	—	—	—	—	—	213	—	213
Forestry & Fire Protection	—	—	—	—	—	3,186	—	3,186
Fish & Game	—	—	—	—	—	9,313	—	9,313
Wildlife Conservation Board	—	—	—	—	—	1,558	—	1,558
Boating & Waterways	—	—	—	—	—	1,000	—	1,000
Parks & Recreation	—	—	—	—	—	13,418	—	13,418
Water Resources	—	—	—	—	—	250	—	250
Water Resources Control Board	—	—	—	—	—	764	—	764
Board of Equalization	\$463	—	—	—	—	—	—	463
Subtotal: 1990-91 Budget	\$463	\$5,586	\$12,433	\$3,269	\$33,607	\$31,202	\$33,033	\$119,593
Total Appropriated/Proposed	\$463	\$118,777	\$210,920	\$59,997	\$33,607	\$31,202	\$175,081	\$630,047
Remaining Balance	—	\$28,879	—	\$232	—	\$163	—	\$29,274

¹California Healthcare for Indigents Program, as authorized by Chapter 1331/89 (AB 75).

- Expanded access to primary care clinics to improve access to primary health care in medically and geographically underserved areas. Additionally, one-time funding is made available to clinics for construction and renovation of clinic facilities and for equipment purchases to accommodate program expansion;
- Expansion of the County Medical Services Program (CMSP) to include dental services and emergency care services for persons, regardless of their county of residence, who cannot afford to pay for those services;
- One-time funding for county and noncounty facilities to proportionately compensate facilities which have provided services to unsponsored patients. The funds, also, are to be used to provide an economic incentive for all hospitals to provide, maintain and enhance access to care;
- The enhancement and maintenance of rural health services provided by CMSP counties, hospitals, physicians and other service providers to eligible persons unable to pay for their care and services, who are not covered by a public or private payor. These funds are available to supplement existing CMSP services.
- The establishment of the California Healthcare for Indigents Program (CHIP) to provide funding to each Medically Indigent Services Program (MISP) county to expand existing MISP services, hospital services, physicians services and other related health services. In order to implement CHIP as fully as possible, given available revenues, the budget proposes to provide an additional \$35 million above the level funded in AB 75 for this program.
- One-time funding for capital expenditure and equipment acquisition purposes associated with the direct delivery of patient care. Of the amounts appropriated by AB 75 for counties, a total of 90 percent of the appropriation

is allocated to MISP counties and the remaining 10 percent is allocated to CMSP counties. In addition, each county may utilize a specified percentage of its allocation on a one-time basis during the 1989–90 fiscal year to restore county special fund balances to their July 1, 1988 levels;

- Allocations to MISP counties to be used to reimburse physicians for losses incurred due to patients who are unable to pay for services rendered, and are not eligible for Medi-Cal, medicare, private insurance or any other federal, state or county program which provides reimbursement for physician services.
- As a condition of Proposition 99 funding, providers of services must provide medically necessary follow-up treatment for the Child Health Disability Prevention Program.

The Child Health Disability Prevention (CHDP) program within the Family Health Services Division provides health assessments to detect and prevent disease and disabilities in children. Utilizing Proposition 99 funding appropriated in AB 75, the CHDP program will expand its eligibility criteria and will adopt an additional program focus of preventing and arresting smoking in youth. Children between birth and 90 days, all persons under 21 years of age who are eligible for the California Medical Assistance Program, and all persons under 19 years of age whose family income is not more than 200 percent of the federal poverty level will now be eligible for services. This represents the addition of approximately 342,000 more children who will receive services under CHDP.

In the budget year, CHDP will receive a total of \$19.8 million and 6 personnel years from the Cigarette and Tobacco Products Surtax Fund. These additional resources are being appropriated with the goal of providing expanded health care and prevention services to young children and reducing the incidence of smoking-related illnesses.

- Effective January 1, 1990, AB 75 extended fully State-funded Medi-Cal coverage to infants and pregnant women with family incomes between 185 percent and 200 percent of the federal poverty level. (Coverage up to 185 percent of the poverty level is provided through Medi-Cal, with federal financial participation, pursuant to 1988 legislation. AB 75 appropriated \$19.9 million for 1989–90 and \$19.8 million for 1990–91 from the Cigarette and Tobacco Products Surtax Fund to serve this eligible population.

Department of Alcohol and Drug Programs

The inappropriate use of alcohol and drugs is estimated to cost Californians \$1.6 billion annually for treatment and support services, and \$3.3 billion for law enforcement, social welfare programs and losses in motor vehicle accidents. In addition, major costs are associated with substance-related increases in mortality, reductions in productivity and lost employment opportunities.

To address the problems of substance abuse, the Department of Alcohol and Drug Programs, in partnership with county governments, administers a statewide program of alcohol and drug abuse prevention, intervention, detoxification, recovery and treatment services.

In 1990–91, the Department's budget will be \$197.5 million and 234 personnel years, with \$172.7 million of this amount subvented to local governments. Included in these figures are the following increases:

First-Offender Drinking Driver Program (\$466,000). This is a new program initiated by SB 1344 which requires that the Department license first-offender drinking driver programs.

Residential Recovery Facility Licensing (\$220,000). This new program was initiated by SB 990 which transferred the licensing authority of alcohol and combined alcohol and drug residential treat-

Table 6-5

**Income Eligibility Levels for a Family of Three
In the Ten Most Populous States, 1989-90**

<i>State</i>	<i>AFDC Elig Level</i>	<i>Percent of Poverty</i>	<i>Medicaid MN Elig Level</i>	<i>Percent of Poverty</i>
California	\$8,328	82.9	\$10,704	106.4
New York	6,468	64.3	8,508	84.6
Texas	2,208	21.9	3,204	31.8
Pennsylvania	4,608	45.8	5,400	53.7
Illinois	4,104	40.8	5,496	54.6
Ohio	3,852	38.3	—	—
Florida	3,444	34.2	4,596	45.7
Michigan	5,748	57.1	6,660	66.2
New Jersey	5,088	50.6	6,792	67.5
North Carolina	3,192	31.7	4,296	42.7

Source: National Governors' Association. Data reflect standards effective July, 1989.

Table 6-4

**Number of Optional Benefits Provided
by the Ten Most Populous States, 1989-90**

<i>State</i>	<i>Number of Optional Benefits Provided to</i>	
	<i>Cash Grant Recipients</i>	<i>Medically Needy Recipients</i>
California	30	30
New York	27	27
Texas	16	16
Pennsylvania	17	16
Illinois	28	28
Ohio	26	—
Florida	20	15
Michigan	28	28
New Jersey	28	20
North Carolina	23	22

Source: Health Care Financing Administration, December 1989.

“The inappropriate use of alcohol and drugs is estimated to cost . . . \$1.6 billion annually for treatment and support services, and \$3.3 billion for law enforcement, social welfare programs and losses in motor vehicle accidents.”

ment/recovery facilities from the Department of Social Services to the Department of Alcohol and Drug Programs.

Waiting List Reduction Program (\$7.2 million). The primary goals of this program are to rapidly expand drug treatment capacity and to curtail the spread of AIDS.

Perinatal Substance Abuse Program (\$4.6 million). Begun as a pilot program in the current year in four counties, this program will be expanded by a minimum of two additional counties in 1990-91, while up to ten other counties will receive planning and development grants.

Department of Health Services

The Department of Health Services is responsible for a variety of programs which emphasize prevention-oriented health care and delivery of medical services to the economically disadvantaged, protection of California's citizens from unsafe foods, drugs, drinking water and hazardous materials and enforcement of health standards in health facilities.

The 1990-91 Budget proposes \$10.4 billion for the Department (exclusive of the Toxic Substances Control Program which is budgeted at \$118.9 million). In 1982-83 the budget for the Department of Health Services totaled \$5.6 billion and 3,849 personnel years, of which \$13.1 million and 142 personnel years were budgeted for the Toxics Substances Control Division. The proposed 1990-91 Budget represents an 86 percent increase over the 1982-83 level, exclusive of Toxics' activities. (For further detail of changes in toxic-

related activities, refer to the Environmental Quality Section of this Summary.) Refer to Figure 6-B for a breakdown of Local Assistance expenditures.

The Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65). In November 1986, the voters passed Proposition 65. The two main objectives of this initiative are to increase public awareness of specific exposures to toxic chemicals and to eliminate discharges of specified toxic materials into drinking water.

Proposition 65 was implemented in 1987-88 by eight individual departments and agencies with total budget authority of \$11.6 million. The Proposition enacted statutes to inform the people of California and protect them from exposure to chemicals known to cause cancer or reproductive toxicity. The 1989 Budget Act contained \$7.4 million for Proposition 65 funding.

The Governor designated the Health and Welfare Agency (HWA) as lead

agency to coordinate the efforts of all affected agencies implementing Proposition 65. In 1990-91, funding of \$369,000 and 3 personnel years is proposed to be transferred from the Health and Welfare Agency to the Department of Health Services for coordination of Proposition 65 efforts. This is occurring in recognition of the more routine nature of the implementation of the Proposition after three years, and its incorporation into and coordination with other aspects of chemical regulation that exist in California Government.

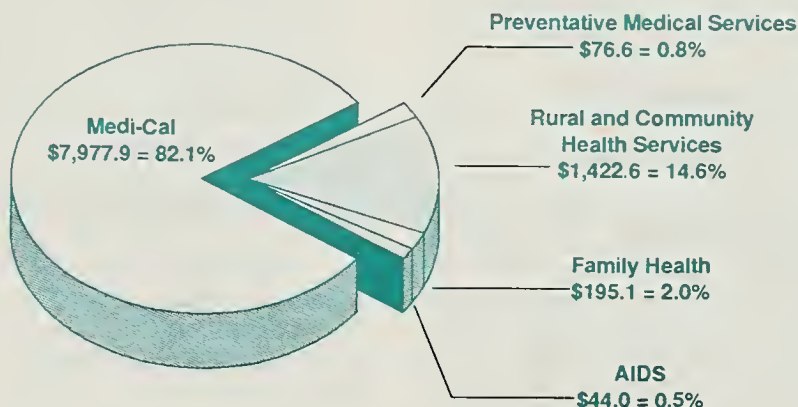
Accomplishments. As a result of Proposition 65, the following significant advances have been made:

- Warnings about the hazards of drinking alcoholic beverages during pregnancy and about the carcinogenicity of alcohol abuse are being given throughout the state at the point of sale. The pregnancy warnings predate by over one year the federally required labels, which became effective in November 1989. Proposition 65 had a role in bringing about the federal legislation.
- Cancer and reproductive hazard warnings on tobacco products—cigars, pipe tobacco and roll-your-own cigarettes—are now present as a result of a settlement on an enforcement action against the manufacturers for failure to provide warnings required by Proposition 65. These products have never had the federal warning required for cigarettes.
- Cancer warnings are now being given for secondary tobacco smoke by businesses that allow smoking on their premises. Some businesses have elected to go "smoke-free", rather than provide warnings.
- The quality of material safety data sheets and workplace warnings is improving, as businesses strive to comply with this aspect of Proposition 65.
- In an effort to comply with Proposition 65, manufacturers are reassessing the use of listed chemicals in their products, and are

Figure 6-B

Department of Health Services Proposed 1990-91 Local Assistance Expenditures Total Funds

(Dollars in Millions)



researching the use of alternative chemicals that are not subject to the requirements of the Act.

- The general awareness of chemicals in the workplace and in the environment resulting from Proposition 65 is becoming more specific, as warnings evolve from general warnings to chemical-specific messages.

Licensing and Certification Program. The Department of Health Services Licensing and Certification Program monitors the quality of care provided by over 5,000 public and private facilities throughout the State. Licensing and Certification Program staff develop, implement and enforce health care standards and certify all long-term care facilities pursuant to established State regulations and federal requirements. The Department issues corrective actions or other penalties to those health care facilities that violate laws or standards governing the administration of appropriate health care. The 1990-91 Budget proposes \$47.5 million for the Licensing and Certification Program which includes an augmentation of \$7.9 million to enhance licensing activities. The major increases are:

- An increase of \$2.6 million and 45.1 personnel years for workload related to the Federal Omnibus Reconciliation Act (OBRA) of 1987 which implemented extensive nursing home reform.
- An increase of \$2.9 million and 33.7 personnel years for workload related to Federal long-term care regulations.
- An increase of \$1.5 million to augment the Licensing and Certification contract with Los Angeles County.
- An increase of \$739,000 and 11.4 personnel years to establish a statewide training program for facility evaluators.

Office of Environmental Health Hazard Assessment. The Office of Environmental Health Hazard Assessment (OEHHA) performs an integral function for numerous pro-

grams within the Department of Health Services and other State departments. Among other responsibilities OEHHA provides a capability for rapid investigation of incidents in which environmental contamination is suspected and provides continuing research on the health effects of toxic chemical environmental contamination. Epidemiological studies and risk assessments in support of the Toxic Substances Control Division related to the Safe Drinking Water and Toxic Enforcement Act of 1986 are provided by OEHHA in addition to scientific support services for the California Birth Defects Monitoring Program. Funding for OEHHA in 1982-83 was \$3.7 million. The 1990-91 Governor's Budget proposes \$21.5 million for the program representing a 481 percent program growth since 1982-83. New components of the proposed budget include the following:

- The elevation of the Office of Environmental Health Hazard Assessment to the division level with the title of Health Hazards Assessment Division. The program will maintain its responsibility for epidemiologic studies and risk assessments related to environmental and occupational hazards and for carrying out related health education activities.
- An increase of \$786,000 and 7.6 personnel years for workload related to health risk assessments and consultation with the Air Resources Board on the Air Toxics "Hot Spots" Information and Assessment Act of 1987.
- An increase of \$718,000 and 10.0 personnel years for the Hazard Evaluation System and Information Services program to provide medical, toxicologic and industrial hygiene consultation, advice and support to the Department of Industrial Relations' Cal-OSHA enforcement activities.

Immunization Program. The Immunization Program embodies a collaborative effort by the Department of Health Services Immunization Unit and local health departments which, with the participation

“Under this Administration, California has become a national leader in the battle to eliminate (AIDS) . . . Over the term of this Administration a total of \$484 million has been committed to solving this major health crisis.”

of the private medical community, has as its goal the successful control or elimination of the following diseases: poliomyelitis, diphtheria, tetanus, pertussis, measles, mumps, rubella, hepatitis B, Haemophilus b meningitis, pneumococcal disease and influenza.

The 1983 Budget Act appropriated \$541,341 for the Immunization Program. The 1990-91 Governor's Budget proposes a total of \$17.4 million for the program, an increase of 3,114 percent. Included within this amount is the following:

- An increase of \$291,000 for the purchase of oral polio vaccine for distribution to local health departments.

Acquired Immune Deficiency Syndrome (AIDS). Acquired Immune Deficiency Syndrome (AIDS) continues to be one of the most serious public health threats

faced by our society in recent history. Although there is no cure for this fatal disease, there has been a fundamental shift in the way the disease is treated. Recent advances in antibiotic and antiviral research have shown promising results in the treatment of HIV-infected persons.

Under this Administration, California has become a national leader in the battle to eliminate this disease. Based upon the most comprehensive information available from George Washington University for fiscal year 1989 (AIDS Policy Center at the Intergovernmental Health Policy Project), the top five states, which account for 65.5 percent of the total AIDS cases, account for 64.6 percent of all state-only funds. California's AIDS-related appropriations account for 47 percent of the total expenditures of those five states. Over the term of this Administration, a total of \$484 million has been com-

mitted to solving this major health crisis. This includes \$131 million proposed for the 1990-91 Budget.

With respect to ongoing funding for AIDS programs, the Budget reflects \$130.4 million in 1989-90 and proposes \$131 million for 1990-91 (See Figure 6-C). These funds continue the support for early intervention programs, AIDS research, anonymous and confidential testing for the HIV virus, various information and education campaigns, treatment projects, homeless shelters and mental health services for AIDS victims. Some of the more significant allocations are:

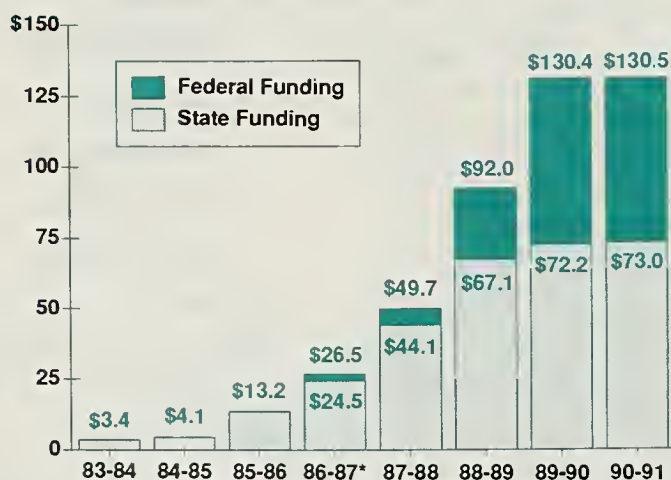
- \$31.3 million in federal funds for various special projects, including surveillance/seroprevalence studies, treatment projects, counseling and testing and information and education.
- \$25.7 million for AIDS activities in the Department of Alcohol and Drug Programs.
- \$15.8 million for information and education grants.
- \$10.5 million for AIDS research.
- \$8.2 million for various treatment projects.
- \$6.7 million for epidemiological investigation and surveillance.
- \$5.4 million for AIDS activities of the Department of Corrections.
- \$5.4 million for anonymous HIV testing.
- \$5 million for prevention follow-up centers/early intervention services.
- \$1.5 million for mental health services.
- \$1.1 million for California Children's Services benefits.

Low-Level Radioactive Waste Program. Legislation in 1983 mandated the establishment of a Low-Level Radioactive Waste disposal facility in California by January 1993. The Department of Health Services anticipates an early start-up of site disposal operations commencing in September 1991. The state will be entitled to receive federal rebates

Figure 6-C

Ongoing Expenditures to Combat AIDS**

(Dollars in Millions)



*First year of federal funding.

**Ongoing expenditures do not include \$34 million provided during the years 1985 through 1989 for one-time or limited-term projects or reappropriations.

totaling over \$2 million in 1990 and 1993, provided specified milestones are met on a timely basis. The budget reflects \$227,000 for an additional position and equipment purchases to accommodate the increased workload and expanding program requirements related to meeting the specified deadlines. This program is currently supported by federal disposal fee rebates and will be fee supported once the disposal facility is fully operational.

Processed Food Testing for Pesticide Residue. The Department of Health Services is responsible for the health and safety of Californians and must assure the public and industry that processed foods being sold in the State are generally free from harmful contaminants. The occurrence of food-related public health emergencies prompted the adoption of legislation in 1989 to address these issues. This legislation appropriated \$2 million from the General Fund in 1989-90 to begin a program for monitoring processed

foods for pesticide residues, chemicals, microbes and other contaminants, and to accredit laboratories which test produce or processed food for pesticide residues. The budget proposes a total of \$3.8 million and 37 personnel years to fully implement the food testing program in the 1990-91 fiscal year.

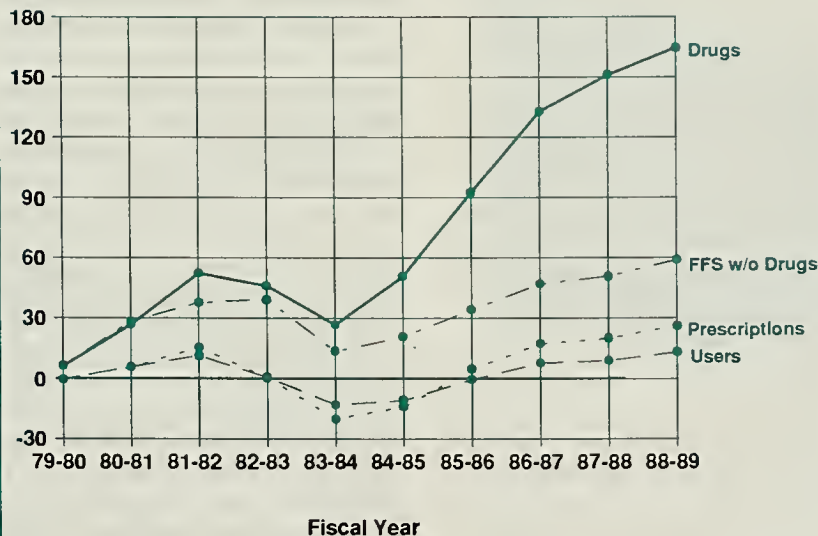
Drinking Water. Consistent with the federal law that establishes drinking water requirements, the Department of Health Services has developed 24 drinking water standards that are being implemented as regulations for the program. By the end of the 1990-91 fiscal year, the Department anticipates adopting over 50 new drinking water standards. Legislation enacted in 1989 has set forth requirements for adopting drinking water standards that require the Department to develop a comprehensive plan for improving drinking water. A total of \$578,000 and 11 personnel years have been included in the 1990-91 budget to implement the requirements of this

*“Medi-Cal
(provides)
necessary
health care
services to
public
assistance
recipients
and others
who cannot
afford to pay
for these
services
themselves.
The proposed
budget for
1990-91
includes \$8.0
billion to
serve . . . 3.5
million
people
(monthly) . . .
a growth rate
of . . . \$4.0
billion or 100
percent over
the 1983-84
level.”*

Figure 6-D

**Cumulative Percent Increase in
Medi-Cal Expenditures for Drugs and Other Benefits**

(Percent Change)



legislation. In addition, in order to recognize the importance of this program, an Office of Drinking Water has been established.

Medi-Cal. The California Medical Assistance program (Medi-Cal) provides reimbursements for medical care services to low income persons and families. Authorized under Title XIX of the Social Security Act as California's Medicaid program, Medi-Cal is intended to assure the provision of necessary health care services to public assistance recipients and others who cannot afford to pay for these services themselves. The proposed budget for 1990-91 includes \$8.0 billion to serve an average monthly caseload of 3.5 million people, with 3 million of that number eligible for fee-for-service benefits and the remainder served by various capitated programs. This represents a growth rate of \$583 million or 7.8 percent over the

revised 1989-90 expenditure level, and \$4.0 billion or 100 percent over the 1983-84 level.

The 1990-91 budget reflects \$2.4 billion (\$1.2 billion General Fund) for hospital inpatient services, an increase of \$236.7 million (\$113.3 million General Fund) over the 1989-90 revised level. In 1990-91 hospital expenditures will be 32.1 percent of total Medi-Cal service expenditures. The budget also includes \$1.3 billion (\$641 million General Fund) for professional services. This represents 17.1 percent of medical care expenditures. In 1990-91, expenditures for skilled nursing and intermediate care facilities are projected at \$1.4 billion (\$693 million General Fund) and represent 18.1 percent of expenditures for medical care services. In addition, the 1990-91 Budget projects expenditures of \$587 million (\$285 million General Fund) for out-

patient prescription drugs, an increase of \$10.8 million (\$3.7 million General Fund) over 1989-90. This has been one of the fastest growing areas in the Medi-Cal program in recent years, increasing from 5.5 percent of expenditures for benefits in 1978-79 to 7.7 percent in 1990-91. (See Figure 6-D for trends.) An initiative to reduce drug costs is discussed in the beginning of the Health and Welfare Section.

Since 1983-84, the average monthly Medi-Cal caseload has grown from 2.8 million to 3.5 million, an increase of 25 percent. During the same period, however, the cost of Medi-Cal benefits has increased from \$3.8 billion to \$7.6 billion (in 1990-91), an increase of 100 percent (See Figure 6-E). This growth since 1983-84 is the result of increases in rates, eligible individuals using more services and eligible individuals using more expensive services than before, as well as caseload increases. Of these factors, unit prices of services and overall higher numbers of users of services, rather than utilization of more services per individual, appear to be leading to most of the 1990-91 program cost increase.

California and Other States. Despite the fiscal constraints which have faced California, the Medi-Cal program has continued to fund caseload growth while maintaining a large scope of medical services for beneficiaries, including benefits which are optional under federal law.

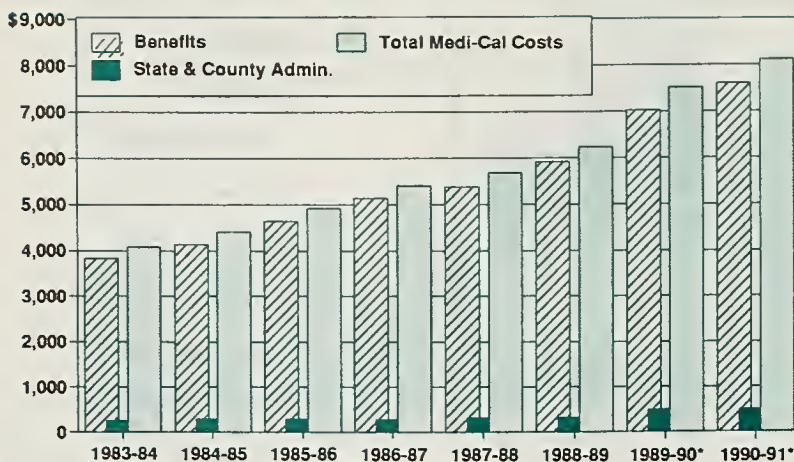
Benefits. Federal law requires states participating in the Medicaid program to provide a core of basic services, including physician; hospital inpatient and outpatient; skilled nursing; laboratory and X-ray; home health care; early and periodic screening, diagnosis and treatment for individuals under 21; family planning; and rural health clinics. In addition, the federal government provides matching funds for 32 optional benefits. California currently provides 30 of these benefits.

Information from the federal Health Care Financing Administration indi-

Figure 6-E

**Growth of Medi-Cal Costs
1983-84 through 1990-91**

(Dollars in Millions)



* Includes total amounts projected for 1989-90 and 1990-91.

Table 6-6

**Comparison Of Payment Standards For The Ten Most Populous States
Effective July 1989**

States ¹	SSI/SSP Payment Standards				AFDC Maximum Aid Payment Family of 3
	Independent Living Arrangement				
	Aged and Disabled		Blind		
	Individuals	Couples	Individuals	Couples	
California.....	\$602.00	\$1,116.00	\$673.00	\$1,312.00	\$694.00
New York City ²	454.00	655.00	454.00	655.00	539.00
New York—other ²	454.00	655.00	454.00	655.00	730.00
Texas ³	368.00	553.00	368.00	553.00	184.00
Florida ³	368.00	553.00	368.00	553.00	287.00
Pennsylvania.....	400.00	602.00	400.00	602.00	384.00
Illinois ⁴	368.00	553.00	368.00	553.00	342.00
Ohio ³	368.00	553.00	368.00	553.00	321.00
Michigan ²	398.00	598.00	398.00	598.00	568.00
New Jersey.....	399.00	578.00	399.00	578.00	424.00
North Carolina ³	368.00	553.00	368.00	553.00	267.00

¹ In descending order by state population, current population report, U.S. Department of Commerce, Bureau of the Census.

² SSI/SSP grant level and AFDC maximum aid payment vary within the state by region and other factors. For example, Suffolk County in New York State provides the highest AFDC grant (\$730.00). However, 70 percent of AFDC recipients reside in New York City where the maximum aid payment is \$539.00.

³ These states do not supplement SSI for an independent living arrangement.

⁴ Does not have a standard SSP allowance. Payments are based upon individual needs and circumstances. The average supplement in May, 1989 was \$94.85.

cates that California currently provides more optional services to Medicaid beneficiaries than most other large states. (See Table 6-4.) Overall, the average number of optional benefits provided by the nine other most populous states is 24 for cash grant eligibles and 19 for medically needy eligibles (22 if Ohio is excluded). Even with elimination of six optional services as discussed at the beginning of the Health and Welfare Section, California will meet or exceed these averages.

Eligibility. In addition, the Medi-Cal program continues to allow the highest income eligibility standard in the nation, substantially exceeding all of the next 9 most populous states. Table 6-5 displays the maximum income allowance permitted for a family of three to remain eligible for Medi-Cal. Persons eligible for Medi-Cal fall into two major federal

categories: cash grant recipients and the medically needy.

As Table 6-5 indicates, the Medicaid income eligibility level varies from state to state. California ranks first nationally in its Medicaid income allowance of \$10,704 (for a family of three). Overall, the average for the other 9 most populous states is \$4,995, which California exceeds by 114.3 percent.

Because of California's broad eligibility standard, a larger proportion of individuals below the poverty level are covered by the Medi-Cal program than by Medicaid programs in any of the next 9 largest states. The California eligibility standard is 106.4 percent of the federal poverty level, the only state of the ten largest to exceed 100 percent. New York covers 84.6 percent of the eligible population below the poverty level, while Pennsylvania, Michigan, Illinois and

New Jersey cover between 53.7 percent and 67.5 percent. Ohio, Florida, Texas and North Carolina cover less than half of the eligible population below the poverty level. The average for the other 9 large states is coverage of 55.9 percent of the eligible population living below the poverty level.

Cost and Funding. While Medi-Cal provides a large scope of medical services to a broader segment of the population than other states, its costs per beneficiary are lower than any of the next 9 largest states because of sound fiscal management. This includes:

- Thorough screening of applicants to assure they meet income and asset, residency and other program requirements, and to obtain share of cost (deductible) information;
- A process which requires prior authorization for many non-emergency services;
- Negotiation of inpatient hospital rates for most hospitals by the California Medical Assistance Commission;
- A cost-based reimbursement system for long-term care which provides incentives for efficiency and cost containment;
- The selective use of discretionary cost-of-living adjustments to encourage access for sensitive services such as maternity care;
- A system of edits and audits which screen claims prior to payment;
- The use of capitated health plans which achieve savings; and
- An effective audit and investigation program.

Overall, California's Medi-Cal program provides more services to a larger group of beneficiaries at a lower average cost than any other state in the nation. California provides more optional benefits to a larger proportion of its indigent population using the smallest proportion of federal funds, at the lowest cost per user of the 10 most populous states.

In addition to services already provided under the Medi-Cal program, a number of expansion programs have been added.

Immigration Reform. Legislation signed by the Governor has expanded the provision of benefits by increasing the number of individuals and families eligible for Medi-Cal. SB 175 provides eligibility to persons granted amnesty under the federal Immigration Reform and Control Act (IRCA) of 1986 and to undocumented persons for emergency and pregnancy related services, pursuant to the federal Omnibus Budget Reconciliation Act of 1987. In 1990-91, Medi-Cal is projected to serve a monthly average of 29,000 IRCA newly legalized persons at a cost of \$109.9 million (all federal funds), and a monthly average of 118,000 undocumented persons and persons who have temporary visas at a cost of \$353.3 million (\$190.8 million General Fund).

Prenatal Care. Recent initiatives have significantly expanded access to early prenatal care. Since 1986, reimbursement rates for *obstetrical* care have increased by 60.5 percent (compounded over three separate increases) which has served to expand the Obstetrical Provider Network. The Department of Health Services, through the Fiscal Intermediary Management Division, also has implemented several changes to increase provider satisfaction and thus improve access to maternity care for Medi-Cal eligible women. These include two dedicated telephone lines for information regarding obstetrical care claims, reduced maternity care claims going into suspense, provider training, provider communications and provider recruitment functions.

In addition, legislation has increased access to prenatal care for low-income women. Effective July 1, 1989, Medi-Cal eligibility was expanded to cover infants and pregnant women with family incomes up to 185 percent of the federal poverty level. (Prior to this, the level was set at 110 percent of the federal poverty level.) California is one of only nine

states to implement this federal option, while three other states have implemented it at a lower level (125 to 150 percent). On October 1, 1988, both newly legalized and undocumented pregnant women became eligible for pregnancy-related services through the Medi-Cal program. These services are provided under a State option that requires 100 percent State General Fund support. AB 75 further extended state-funded Medi-Cal coverage to infants and pregnant women with family incomes between 185 percent and 200 percent of the federal poverty level. The budget proposes that medical screening for expanded coverage to infants be provided through either Medi-Cal or traditional public health programs.

Other recent prenatal care initiatives include providing case management services to low-income pregnant women through the Child Health and Disability Prevention Program, outstationing eligibility workers, conducting outreach activities toward OB providers and eligible women and adding a prenatal multivitamin supplement to the Medi-Cal Drug Formulary.

Early Fraud Detection. Within the last three years, the Department of Health Services has initiated an early fraud detection program which provides immediate field investigation to determine the accuracy of information supplied by Medi-Cal applicants. In this program, specific information is checked after the county eligibility worker identifies statements made by the applicant that arouse suspicion. Applicants found to have provided false information are immediately removed from the Medi-Cal program. This fraud detection program will continue to save many millions of dollars that would otherwise be paid for medical services for ineligible persons.

Medi-Cal Expenditure to Fight AIDS. California remains the leading state in the nation's effort to fight the AIDS epidemic. Since fiscal year 1984-85 through 1989-90, Medi-Cal AIDS-related expenditures have

increased 856 percent from approximately \$5.9 million to \$56.4 million. Since 1986–87 through the first quarter of 1989–90, Medi-Cal expenditures for AZT, the principal drug administered to AIDS patients, have increased by 392 percent from approximately \$291,000 to \$1,431,000. In addition to increased program expenditures, the Department of Health Services successfully petitioned the federal Health Care Financing Administration to establish an AIDS waiver through 1991 to provide case management and residential services to Medi-Cal recipients who would otherwise reside in intermediate care facilities or a higher level of care.

Hospital Services. Other priority areas in the Medi-Cal program are hospital care, especially for disproportionate share Medi-Cal providers and long-term care.

The 1990–91 Budget contains \$81.5 million (\$40.8 million General Fund) for rate increases for inpatient care to all hospitals under contract with the California Medical Assistance Commission, and \$9.6 million (\$4.8 million General Fund) for rate increases to non-contract hospitals. In addition, further legislation authorizes the California Medical Assistance Commission to negotiate new contract rate increases of up to \$50 million (\$25 million General Fund) for disproportionate share hospitals.

Additional legislation has increased hospital out-patient rates for disproportionate share hospitals and appropriates \$5 million (General Fund) for this purpose, which, when matched with federal funds, supports increases of \$10 million. This additional funding started in the 1988–89 fiscal year. An additional \$4 million (\$2 million General Fund) is reflected in the budget to continue increased outpatient rates for small and rural hospitals pursuant to the criteria contained in legislation.

Further legislation authorizes a supplemental Medi-Cal rate for certain capital projects undertaken by disproportionate share hospitals. Because of the time required for project planning, it is anticipated that

the impact of this bill will not be reflected until after the 1990–91 fiscal year. When implemented, however, this special rate will assist county and other hospitals to finance projects to correct regulatory, licensing and seismic safety problems, as well as meeting the requirements of the Joint Commission on the Accreditation of Hospitals.

Another bill increases conditions under which the estates of deceased Medi-Cal beneficiaries would not be claimed against for the costs of services provided to them after the age of 65 if the enforcement of the claim would result in a hardship to the dependents, heirs or survivors of the deceased Medi-Cal beneficiary. Additional legislation extends the Medi-Cal billing period from two months to six months after the month in which the service is rendered.

The Department of Health Services and the California Medical Assistance Commission also have received statutory authority to receive and allocate donated funds for disproportionate share hospitals and emergency services. The donations may be used to secure federal matching funds.

Long-Term Care. The federal Omnibus Budget Reconciliation Act of 1987 enacted long-term care reform which will affect benefits covered by California's Medi-Cal program. The major provisions of this law require the consolidation of the intermediate care facility and skilled nursing facility levels of care into a single category called nursing facility by October 1, 1990; more intensive screening of new admissions to long-term care facilities and current residents to identify case histories of mental illness or developmental disabilities beginning January 1, 1989; and the provision of active treatment for persons so identified beginning April 1, 1990.

Medicare Catastrophic Coverage. Although most recent publicity surrounding the Medicare Catastrophic Coverage Act of 1988 concerned its repeal by Congress, there were aspects of that Act deal-

“ . . . legislation has increased access to prenatal care for low-income women. Effective July 1, 1989, Medi-Cal eligibility was expanded to cover infants and pregnant women with family incomes up to 185 percent of the federal poverty level. . . . California is one of only nine states to implement this federal option . . . ”

ing with the Medicaid programs of the states that were not repealed. Most notably, the federal legislation mandated that states pay the Medicare cost-sharing expenses of qualified, low-income Medicare beneficiaries. This feature of the Catastrophic Coverage Act will result in Medi-Cal costs of \$75.7 million (\$33.4 million General Fund) in 1989–90 and \$347.6 million (\$163.8 million General Fund) in 1990–91. Also retained in federal law were provisions related to avoidance of spousal impoverishment in situations involving the need for long term care. Because of the higher asset limits permitted, more persons will be eligible for Medi-Cal coverage resulting in a 1989–90 cost of \$14.1 million (\$7.1 million General Fund) and a 1990–91 cost of \$38 million (\$19 million General Fund). In addition, certain provisions of the Catastrophic Coverage Act that were to have saved money for Medi-Cal were, in fact, repealed, leading to foregone savings of \$31.4 million (\$13.9 million General Fund) in 1989–90 and \$59.2 million (\$24.9 million General Fund) in 1990–91.

Department of Developmental Services

The Department of Developmental Services (DDS) is the principal state agency that assists and provides services to Californians with developmental disabilities. The Department administers seven developmental centers and contracts with 21 regional centers throughout the state to provide diagnosis, evaluation and provision or coordination of services. The services provided may include housing, education, transportation, job training, therapy and medical care. Developmental disability prevention and early intervention services are also available for high-risk infants and/or their parents.

In 1990–91, the Governor's Budget proposes to appropriate \$1.16 billion dollars and 11,395 personnel years for DDS. Approximately \$590 million of this amount will be allocated to community programs through the

regional center system, while \$570 million will be allocated for services in State developmental centers. Budget adjustments for 1990–91 include the following:

- The addition of \$11.3 million and 219.5 personnel years to reduce the salary savings rate at the developmental centers to 5 percent. An additional \$2.7 million and 120.6 personnel years will be added to enhance the coverage factor at the centers. These actions will provide for substantial improvement in services to the developmentally disabled and ensure the continuation of national accreditation. In the current year, \$2.6 million is reflected to begin salary savings relief during 1989–90.
- The addition of \$6.8 million and 168 personnel years to serve a population increase in the developmental centers of 116 clients. In the current year, the addition of \$3.6 million is reflected to address an increase of 82 clients.
- The addition of \$3.6 million for implementation of an ongoing program of conservatorship and commitment hearings. This action will ensure that all developmental center clients receive annual hearings regarding the continued necessity for their commitment to a developmental center. This action is intended to protect the legal rights of developmental center clients.
- The addition of \$3.7 million for continuing implementation of the Alternative Residential Model (ARM). Activities funded include Phase V of ARM, continuation of the Level 3 rate differential and funding for a geographic differential for Levels 2, 3 and 4.
- The addition of \$42.7 million for a caseload increase of 5,027 clients in the regional centers.

Department of Mental Health

Approximately 320,000 Californians will receive services from state and

county mental health programs in 1990–91. The services vary according to the needs of the individual. Within the mental health continuum of care, individuals with manageable disorders are treated in the community with funds subvented to county mental health programs. Individuals with the most serious illnesses, and those whose disorders make them incapable of living in the community, receive fulltime inpatient care at the state mental hospitals operated by the Department of Mental Health. It is projected that 4,742 persons will reside in California's mental hospitals during 1990–91.

In 1990–91, the Department's budget proposes \$1.26 billion and 7,430 personnel years to support both hospital and community programs. Included in these figures are the following adjustments:

- Institutions for Mental Disease (\$6.1 million)—An increase of 226 new beds for caseload adjustments and 11 positions for the administration of the Institutions for Mental Disease program.
- Case Management Services (\$6.7 million)—Case management services are now a reimbursable service in the Short-Doyle/Medi-Cal Program. Thus, additional federal financial participation will be collected at the local level.
- State Hospital Population Adjustment (\$6.9 million)—The staffing in the State Hospitals will be increased by 376 positions to serve an increase of 50 Lanterman-Petris-Short beds transferred from Camarillo Developmental Center to Metropolitan State Hospital, an increase of 82 judicially committed patients and the addition of 98 mentally disordered offenders.
- Mental Health Services for Wards and Dependents (\$3.8 million)—This is a new program initiated by legislation signed in 1989 which will provide mental health assessments and treatment services for wards and dependents of the court.

- **State Hospital Salary Savings Reduction (\$13 million)**—Funding will be provided to reduce the salary savings rate at the State Hospitals from its current level of 8.8 percent to 5 percent. In the current year, \$2.6 million is reflected to begin salary savings relief during 1989–90. These actions will ensure that all state hospitals continue to be nationally accredited.
- **Additional funding for the Adult System of Care Pilots (\$2.2 million)**—These pilot projects will test and evaluate three service delivery methods including the existing service delivery system, a comprehensive county inter-agency system and a method whereby responsibility for all human services is consolidated in a single agency.
- **Expansion of the System of Care for Children and Youth (\$2.6 million)**—The Ventura Model is the basis for this program which ensures that seriously emotionally disturbed children and youth are provided the least restrictive and most appropriate services where they reside.
- **Community Services Augmentation (\$10 million)**—This augmentation is proposed to be funded by Cigarette and Tobacco Products Surtax revenue. The funds will be subvended to the counties for non-categorical mental health services. Counties are free to use their noncategorical funds for mental health programs tailored to the needs of their communities, as specified in the annual County Short-Doyle Plans.

One of the major achievements of the Governor's Mental Health Initiative has been the renovation and improvement of the state's mental hospitals. The estimated total cost of this endeavor is \$180 million. More than \$140 million has been committed to this effort since 1984–85, with \$14.2 million to be appropriated in 1990–91 from the Special Account for Capital Outlay. The projects scheduled for the budget year continue to emphasize code compli-

ance with fire and life safety requirements, environmental improvements and security enhancements. Specific recommendations include:

- Preliminary planning for a multi-purpose addition at Atascadero State Hospital which is necessary to meet the programming requirements for the Mentally Disordered Offender Program.
- Construction funds for the warehouse expansion at Atascadero State Hospital.
- Construction funds for the fire and life safety and environmental improvement of client living space in the 30 buildings at Patton State Hospital.
- Various other projects for code compliance and program enhancements including two major and seven minor projects statewide.

“One of the major achievements of the Governor's Mental Health Initiative has been the renovation and improvement of the state's mental hospitals.”

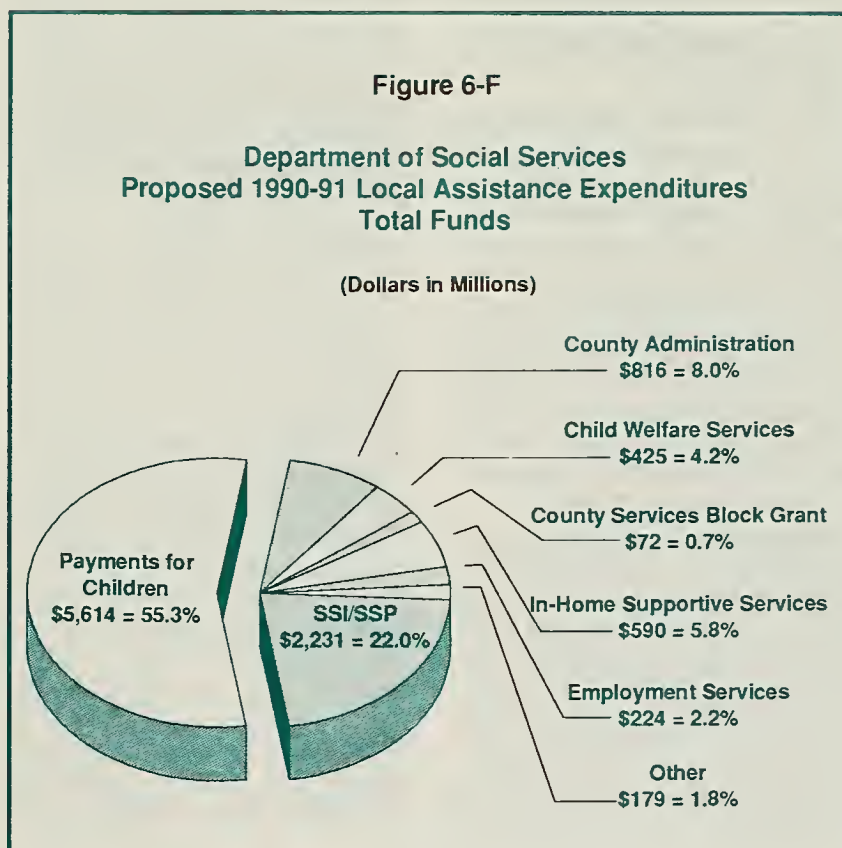
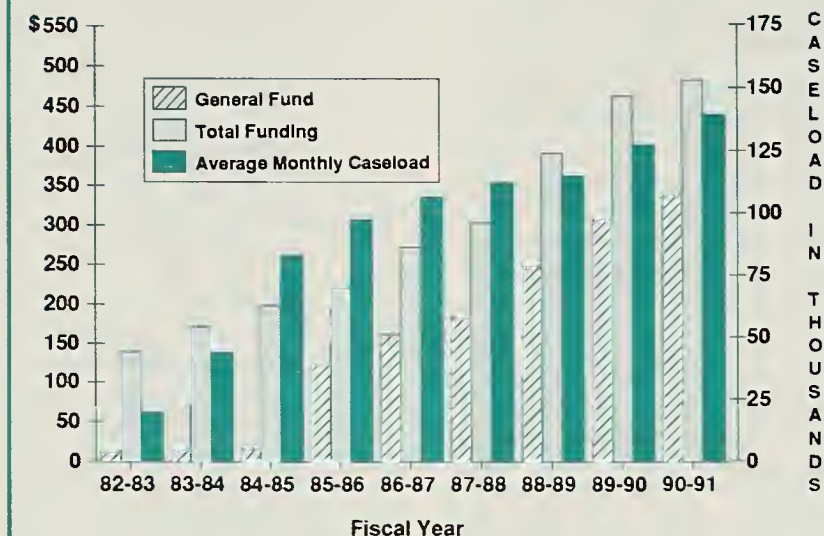


Figure 6-G

Child Welfare Services Caseload/Funding Comparison

(Dollars in Millions)



Employment Development Department

The Employment Development Department provides a labor exchange for job seekers and employers, assists disadvantaged persons to become self-sufficient, aids unemployed and disabled workers by maintaining benefit payment programs based on insurance principles and collects payroll taxes to support state activities and benefit programs. The Governor's Budget proposes \$4.8 billion and 10,145.2 personnel years in 1990-91 to accomplish these programs.

Unemployment and Disability Insurance. To alleviate the hardships on individuals and stabilize the economy, the budget provides \$2.26 billion for Unemployment Insurance benefits and \$1.56 billion for Disability Insurance benefits, thus providing monetary relief to individuals who suffer periods of unemployment, or non-occupational injury, illness or pregnancy. The Department

expects to place 330,000 individuals in jobs, enroll 216,000 individuals in the Job Training Partnership Act and Employment Training Panel programs and collect approximately \$14.0 billion in taxes.

Automation Projects. The proposed budget supports the Department's continuing commitment in automation technology to significantly improve the quality of services provided, as well as the efficiency of operations. For 1990-91, the Department will continue to implement and expand the highly successful automated Job Match Program which improves services to both job seekers and employers. The program, which began in 1989-90, automatically matches job seekers' qualifications against employer job opportunity requirements. As a result, job seekers are provided significantly increased opportunities for employment, and employer job opportunities are

exposed to an increased number of qualified applicants.

The Department will also be upgrading the antiquated automation system in place at the California Unemployment Insurance Appeals Board (CUIAB). This new system will provide for the automatic transmission of appeal information from the local office to the CUIAB office, thereby reducing delays to appellants. It will also expedite the calendaring of cases and provide for electronic notification of appeal results from CUIAB to local offices for immediate action.

Revenue Enhancement. To substantially increase audit production and revenue to the State of California, the Department will provide laptop computers to field office tax auditors. This will significantly reduce the time to perform an audit on employers' records by automating several processes which are currently done manually, and thereby increase the number of audits which can be performed. The Department also proposes to increase revenues to the State of California by intensifying tax collection activities on payroll tax liabilities.

Department of Social Services

The Department of Social Services (DSS) is responsible for providing protection, care and other assistance to needy, eligible persons of this state. These services are provided through the Department's Welfare, Social Services, Community Care Licensing, Disability Evaluation and Employment Services programs. The proposed budget for 1990-91 is \$10.4 billion and 3,558.7 personnel years. This represents a \$598.6 million, or 6.1 percent, increase from the revised 1989-90 funding level.

The General Fund costs for the Department's local assistance programs are increasing by \$321.8 million, or 5.5 percent, between the 1989-90 and 1990-91 fiscal years. A portion of this change is the result of recent federal decisions to decrease

their financial contribution to some programs. Beginning January 1, 1990, the period during which services for refugees are 100 percent federally funded will be reduced from 24 months to 4 months. This reduction will cost the state an additional \$80.5 million per year (\$57 million in the Aid to Families with Dependent Children program, \$19.1 million in SSI/SSP, and \$4.4 million in County Administration). This change will also impact the Medi-Cal program resulting in an additional cost of \$17.5 million in 1990–91. A reduction in federal sharing ratios in the Child Support Enforcement program requires that the state annually expend an additional \$3.2 million in Local Assistance and \$265,000 in state operations beginning October 1, 1989. See Figure 6-F for local assistance expenditures.

Payments for Children. The DSS supervises county administration of the Aid to Families with Dependent Children (AFDC) and Food Stamps programs. In 1990–91, the budget provides \$200.9 million General Fund for the state’s share of local costs of administering these programs. This represents an increase of \$18.1 million, or 9.9 percent over fiscal year 1989–90 expenditures.

During 1990–91, it is estimated that in an average month 664,600 needy, eligible families will receive an AFDC grant of \$647.63. This means that California will continue to provide the highest average benefits of the ten most populous states—benefits that exceeded the next highest state by over 23 percent in federal fiscal year 1989. The Administration proposes to continue the current grant levels until they are more comparable to the levels provided by other states. The Budget also contains \$21.8 million in additional General Fund to implement a new law which allows eligible applicants for the AFDC program to begin accruing benefits from the date on which they apply. The Department also manages a statewide program of financial assistance for abused and neglected children who have been removed from their own homes and

placed in foster care. Recognizing the importance of addressing various long-standing and immediate problems in the areas of foster care funding and program management, the 1990–91 Budget includes \$80.3 million (\$56.3 million General Fund) to provide funding for Foster Family Home and Group Home rate adjustments, and \$1.0 million (\$623,000 General Fund) and 17.1 personnel years to implement the requirements of recently signed legislation for comprehensive foster care reform. An estimated 65,316 children per month will receive average monthly foster care benefits of \$992.59 during 1990–91.

Supplemental Security Income/State Supplementary Program (SSI/SSP). The Department administers the SSI/SSP which provides cash assistance to eligible aged, blind and disabled persons. The federal government determines basic eligibility and issues payments to persons who meet income and resource criteria established by the federal government. The state supplements the amount of the SSI grant, and the federal government administers the state’s supplemental payments through local Social Security Administration offices. In addition, the Social Security Act Amendments of 1983 require California to maintain its SSP grants at or above the 1983 level. In 1990–91, the Budget proposes \$2.2 billion General Fund for support of the SSI/SSP program which will provide assistance to approximately 832,100 eligible aged, blind and disabled persons. In 1990–91, the maximum monthly SSI/SSP grant is expected to be \$630 for an individual and \$1,167 per couple.

Table 6-6 provides a comparison of SSI/SSP payment standards and the AFDC maximum aid payment for California and the nine other most populous states. The Administration proposes to continue the current grant levels until they are more comparable to the levels provided by other states.

“During 1990–91, it is estimated that in an average month 664,600 needy, eligible families will receive an AFDC grant of \$647.63. This means that California will continue to provide the highest average benefits of the ten most populous states—benefits that exceeded the next highest state by over 23 percent . . .”

Child Welfare Services. The Child Welfare Services (CWS) program provides emergency, maintenance and placement services to abused and neglected children and their families. These services are provided through four component programs within CWS:

- The Emergency Response component provides immediate in-person response, 24 hours per day, seven days per week, to reports of abuse, neglect or exploitation, for the purpose of providing intake services and crisis intervention to maintain the child safely in his or her own home or to protect the safety of the child;
- The Family Maintenance component provides time-limited protection services to prevent or remedy neglect, abuse or exploitation, for the purpose of preventing separation of children from their families;
- The Family Reunification component provides time-limited foster care services to prevent or remedy neglect, abuse or exploitation when the child cannot safely remain at home and needs temporary foster care while services are provided to reunite the family; and
- The Permanent Placement component provides an alternative permanent family structure for children who because of abuse, neglect or exploitation cannot safely remain at home and who are unlikely to ever return home.

Based on available data, the average monthly caseload for each component program is as follows: Emergency Response, 38,200; Family Maintenance, 32,500; Family Reunification, 26,400; and Permanent Placement, 41,800. The 1990-91 Budget provides an additional \$30.9 million General Fund for Child Welfare Services. This represents a 10.1 percent General Fund increase over the 1989-90 estimate. Since fiscal year 1982-83, there has been an average annual total funding increase of 31 percent (343 percent General Fund). (See Figure 6-G.)

Thus, while caseload has steadily increased since 1982-83, by comparison, during the same period, there has been a four-fold increase in General Fund expenditures for this program.

The 1990-91 Budget includes \$1.7 million General Fund and 16.6 limited term personnel years for the development of a child welfare services case management system as part of the implementation of comprehensive foster care reform.

Employment Programs. The Department of Social Services oversees the Greater Avenues for Independence (GAIN) program. This program is intended to reduce welfare dependency for a significant portion of AFDC recipients and their children. This is being accomplished by requiring recipients to participate in a program that offers a broad range of educational, training, employment counseling and supportive services that encourage self-sufficiency.

The GAIN program is unique in its reliance on community resources to provide those services. In 1988-89 approximately 30 percent of county GAIN budgets were composed of existing resources. In 1989-90 that figure had increased to 38 percent, thereby reducing the need for new expenditures to operate the program. The 1990-91 Budget proposes that resources totalling \$364.3 million (\$119.9 million General Fund) be directed to the GAIN program. These resources will provide services to approximately 273,421 AFDC recipients.

In 1988, the federal Family Support Act created the Job Opportunity and Basic Skills (JOBS) program, which borrowed from California's GAIN program for many of its provisions. Securing federal approval of California's plan to implement the JOBS program increased federal financial participation in the GAIN program by \$91.5 million in the current fiscal year. The Family Support Act also required that states implement the Transitional Child Care (TCC) program. This program will provide 12 months of subsidized child care to

welfare recipients who become ineligible for aid because of earned income. TCC is intended to assist recipients in the transition from welfare dependency to the workforce. Scheduled to begin in 1990, the TCC program will cost an estimated \$54.5 million (\$27.3 million General Fund) annually.

Department of Aging

The Department of Aging is the principal agency for the provision of services to the elderly. As such, it provides a variety of services to nearly four million older Californians through the local Area Agencies on Aging (AAA's). The Department contracts with the 33 AAA's located statewide in administering the Older American Act programs which are supported by state and federal funds. These programs include local social and nutrition services, senior employment programs, long-term care services to elderly and functionally impaired adults, and related state and local administrative services and staff training. The Department's primary emphasis is in the area of developing a community based long-term care system. Currently, the long-term care programs within this system include the Multipurpose Senior Services Program, Adult Day Health Care, Linkages and the Alzheimer's Day Care Resource Centers. These programs are designed to assist older Californians and functionally impaired adults to live independently and avoid premature institutionalization. The 1990-91 Budget proposes a funding level of \$134.1 million and 154 personnel years for 1990-91.

Alzheimer's Day Care Resource Centers. Legislation enacted in 1984 authorized the California Department of Aging to establish Alzheimer's Day Care Resource Centers (ADCRC's) to provide specialized programs for patients suffering from Alzheimer's disease. Further legislation enacted in 1988 appropriated \$750,000 to augment the existing 16 centers and to increase the number of ADCRC's from 16 to 26. In 1989-90, a \$600,000

Table 6-7

**Long-term Care Services
Total Funding and Clients**

**(Dollars in Millions)
(Clients in Thousands)**

Department	1988-89		1989-90		Percent Change of Total \$	1990-91		Percent Change of Total \$
	Total \$	Clients	Total \$	Clients		Total \$	Clients	
AGING								
Adult Day Health Care...	\$13.4	4.0	\$22.1	4.3	64.9	\$23.1	4.5	4.5
Alzheimer's Day Care Centers.....	4.5	1.0	7.0	1.2	55.6	9.8	1.6	40.0
Linkages.....	4.3	3.9	4.4	4.1	2.3	2.2	2.1	-50.0
Multipurpose Senior Services Program.....	21.8	8.9	22.0	8.9	0.9	22.0	8.9	-
Transportation.....	7.5	29.2	7.6	29.2	1.3	7.6	29.2	-
In-Home Services	7.0	41.8	7.1	41.8	1.4	7.1	41.8	-
Home Delivered Meals ..	34.9	52.0	34.9	52.0	-	34.9	52.0	-
Congregate Nutrition.....	72.1	200.3	72.4	200.3	0.4	72.1	200.3	-0.4
Case Management	5.1	14.6	5.1	14.6	-	5.1	14.6	-
Information & Referral....	7.5	505.8	7.5	505.8	-	7.5	505.8	-
Other ^{1 2}	7.7	123.1	7.7	145.1	-	7.8	167.3	1.3
Total Expenditures	\$185.8	-	\$197.8	-	6.5	\$199.2	-	0.7
DEVELOPMENTAL SER- VICES								
Regional Centers.....	\$468.9	85.6	\$527.2	90.4	12.4	\$586.6	95.8	11.3
Operations.....	(129.1)	-	(150.1)	-	(16.3)	(162.7)	-	(8.4)
Purchase of Services.	(339.8)	-	(377.1)	-	(11.0)	(423.9)	-	(12.4)
State Developmental Centers.....	454.9	6.7	506.6	6.7	11.4	525.3	6.7	3.7
Community Development ⁴	7.9	-	14.5	-	83.5	6.2	-	-57.2
Total Expenditures	\$931.7	-	\$1,048.3	-	12.5	\$1,118.1	-	6.7
HEALTH SERVICES								
Alzheimer's Disease Centers.....	\$3.6	0.7	\$4.4	1.1	22.2	\$4.4	1.1	-
Long-Term Care (Skilled Nursing & Intermediate Care Facilities)	1,072.5	65.6	1,281.8	67.8	19.5	1,378.5	69.7	7.5
Total Expenditures	\$1,076.1	-	\$1,286.2	-	19.5	\$1,382.9	-	7.5
REHABILITATION								
Work Activity Program...	\$59.2	13.1	\$53.4	13.1	-9.8	\$53.5	13.1	0.2
Supported Employment Program.....	13.8	3.4	17.0	5.3	23.2	16.7	5.3	-1.8
Independent Living Centers.....	5.8	-	6.0	-	3.4	6.1	-	1.7
Total Expenditures	\$78.8	-	\$76.4	-	-3.0	\$76.3	-	-0.1
SOCIAL SERVICES								
Non-Medical Board and Care	\$335.3	67.0	\$333.7	70.0	-0.5	\$346.2	72.3	3.7
Out-of-Home Care Adults	6.7	13.9	7.3	14.5	9.0	7.6	15.1	4.1
Special Adult Pro- grams	6.1	1.1	6.8	1.3	11.5	7.4	1.2	8.8
In-Home Supportive Services.....	609.4	134.5	674.0	143.1	10.6	642.4	106.4	-4.7
County Services Block Grant.....	27.8	77.5	27.8	81.0	-	27.8	82.0	-
Total Expenditures	\$985.3	-	\$1,049.6	-	6.5	\$1,031.4	-	-1.7

Table 6-7—(Continued)

**Long-term Care Services
Total Funding and Clients**

**(Dollars in Millions)
(Clients in Thousands)**

Department	1988-89		1989-90		Percent Change of Total \$	1990-91		Percent Change of Total \$
	Total \$	Clients	Total \$	Clients		Total \$	Clients	
MENTAL HEALTH ³								
State Hospitals								
Penal Code and Judicially Committed	\$31.0	0.9	\$32.9	0.9	6.1	\$35.1	1.0	6.7
Lanterman-Petris-Short	57.4	1.4	62.9	1.4	9.6	68.1	1.4	8.3
Other Services	8.7	0.3	11.3	0.3	29.9	11.4	0.3	0.9
Community Residential Treatment ⁴	1.0	—	1.0	—	—	1.0	—	—
Community Services—Other ⁴	27.0	—	28.1	—	4.1	28.3	—	0.7
Residential Care Services	16.6	4.0	16.6	4.0	—	16.6	4.0	—
Institutions for Mental Disease	65.8	3.4	82.1	3.7	24.8	82.2	3.6	0.1
Brain Damaged Adults ⁴	5.1	—	5.4	—	5.9	5.3	—	—1.9
Total Expenditures	\$212.6	—	\$240.3	—	13.0	\$248.0	—	3.2
TOTAL EXPENDITURES								
ALL PROGRAMS	\$3,470.3	—	\$3,898.6	—	12.3	\$4,055.9	—	4.0

¹ Clients displayed may be duplicated unless otherwise noted.

² Includes Health Insurance Counseling and Advocacy, Senior Companion, Respite and Ombudsman.

³ Does not include county match funds.

⁴ Specific client numbers are unable to be captured.

General Fund increase was provided, a 32.6 percent increase over 1988–89, to increase the number of ADCRC's from 26 to 36 centers.

The 10 new centers will provide services to an additional 600 clients statewide. Since 1984–85, this program has grown from a budget of \$450,000 serving approximately 280 recipients to a proposed level of \$2.4 million in 1990–91 serving over 1,600 recipients.

Nutrition Programs. The Department provides State and federal Older Americans Act funding to local AAA's to support the senior nutrition programs. The purpose of the nutrition programs is to provide low-cost, nutritionally sound meals to the elderly in either a social setting at congregate nutrition centers or delivered to the homebound. During 1988–89, 12.7 million congregate meals were served at 1,093 sites to 203,535 seniors and 7.3 million home-delivered meals were served to 52,765 eligible seniors. The 1990–91 Budget proposes \$63.6 million to support the Department's nutrition programs (\$42.2 million for Congregate Nutrition and \$21.4 million for Home Delivered Nutrition).

Health Insurance Counseling and Advocacy Program. The Department is proposing to increase the Health Insurance Counseling and Advocacy Program (HICAP) by \$85,000 in an effort to broaden the availability of HICAP services in rural areas of the state. This represents an 85 percent increase over the 1987–88 funding level. The HICAP program was established to assist older persons in understanding the health insurance coverage provided under the federal Medicare program and coverage offered by private insurance companies. This program harnesses the efforts of approximately 475 volunteer counselors statewide to provide HICAP services to over 290,000 clients per year.

Multipurpose Senior Services Program. The Multipurpose Senior Services Program (MSSP) has operated under the Home and Community-Based Waiver authority of Title XIX of the Social Security Act

since July 1973, and provides comprehensive case management services to elderly clients to prevent their premature institutionalization. These case management services include case assessment, planning, arrangement and monitoring of services for MSSP clients. Currently, there are 22 MSSP sites which serve 6,000 clients statewide. Legislation enacted in 1989 deleted the MSSP's June 30, 1990, sunset date and permitted the program's permanent continuation contingent upon approval of the Federal Title XIX Home and Community-Based Waiver. Currently, the waiver is under review and the Governor's Budget assumes the continuation of the MSSP program in 1990–91. As such, the budget proposes \$22.0 million (\$11.1 million General Fund and \$10.9 million in reimbursements) and 12 personnel years for support of the MSSP in a continuing effort to provide long-term care services for the elderly.

Long-Term Care

California provides a wide range of publicly funded, long-term care services. Welfare and Institutions Code Section 9390.1 defines long-term care as "... a coordinated continuum of preventative, diagnostic, therapeutic, rehabilitative, supportive and maintenance services that address the health, social and personal needs of individuals who have restricted self-care capabilities."

Long-term care services consist of two components, institutional care (for example, nursing home care) and community-based services. Community-based services include residential care facilities and services which assist individuals to remain in their home instead of being placed in an institution. (Residential care facilities are not classified as "institutional care" in State law. Their level of medical care and funding arrangements differ significantly from institutional care facilities.)

Long-term care services are provided by several departments not only to elderly people, but also to

"Long-term care services are provided by several departments not only to elderly people, but also to younger, chronically ill, developmentally, mentally or physically disabled people."

younger, chronically ill, developmentally, mentally or physically disabled people. These agencies include the Department of Health Services, Mental Health, Developmental Services, Social Services and the California Department of Aging.

The information provided in Table 6-7 summarizes total expenditures and total recipients served for 1988-89, 1989-90 and proposed for 1990-91. This display identifies the services provided, the department responsible for administration and the number of persons receiving services.

Immigration Reform and Control Act of 1986

In November 1986, the federal government enacted the Immigration Reform and Control Act (IRCA). The Act allows certain persons illegally residing in the United States to apply for legal residency status if they otherwise qualify as legal residents under Immigration and Naturalization Service (INS) regulations. Eligible individuals include those who have been in the United States prior to January 1, 1982 (pre-82s) or have been engaged in specific types of agricultural work for at least 90 working days prior to May 1, 1986 (special agricultural workers). The INS began accepting applications on May 5, 1987. Pre-82 applicants had until May 4, 1988 to apply for temporary residency while special agricultural workers could apply through November 30, 1988.

Based on the latest figures from the INS, over 1.6 million persons have applied for legal residence status.

More than 55 percent of the national applicants for legalization reside in California.

State Legalization Impact Assistance Grant (SLIAG) Funding. The federal government appropriated SLIAG funds to assist states and local governments with costs they may incur in providing public health, public assistance and education services to eligible persons.

These funds were to be available over the four federal fiscal years, 1988, 1989, 1990 and 1991. Initially, it was estimated that California would receive \$1.7 billion over this four year period. The most recent information provided by the federal government indicates that California will receive \$2.1 billion, but over a five year period, which has been expanded to include federal fiscal year 1992.

Originally, states were to be allocated their SLIAG funds over the first four federal fiscal years of the program. However, IRCA allowed states to spend SLIAG funds through FFY 1994. Because of the long application period for legalization, program startup delays and an anticipated increase, over time, in demand for health and education services, states projected the greatest need for SLIAG funds would come in the middle or later years of their programs. Consequently, state SLIAG expenditures have been relatively modest during the first two years of the program, causing Congress to reexamine the states' need for SLIAG funding.

In its action on the FFY 1990 federal budget, Congress reduced SLIAG funds by \$555 million, ostensibly

because states had surplus SLIAG funds available from fiscal years 1988 and 1989. However, to have SLIAG funds available when state fiscal needs would be greater, Congress extended the SLIAG allocation period to include FFY 1992, and pledged to restore the \$555 million in 1990 SLIAG reductions during 1992.

Five Year Expenditure Plan.

Based on the latest available information, a five year expenditure plan is presented in Table 6-8. The expenditure plan proposed in the 1989-90 Governor's Budget allocated additional SLIAG revenue to the English as a second language and health care areas.

The highest priority for education funds was for those persons needing instruction in order to meet the INS Phase 2 requirements to convert to permanent residency. This general direction carries through to the 1990-91 SLIAG expenditure plan, with the two major programs still being adult education and health care.

Given Congressional action on FFY 1990 SLIAG funding, there is reason for concern regarding the availability of funding in FFY's 1991 and 1992. However, the recent action seems intended to delay rather than eliminate SLIAG funding. The expenditure plan therefore includes expenditures in 1990-91 and 1991-92 based on continued federal funding.

It does seem premature to plan beyond the original five year period at this time. If, in future, it seems reasonable to expect that federal funding will be made available for this program in FFY 1992, the plan will be expanded.

Table 6-8

**Immigration Reform and Control Act
Estimated 5-Year Expenditure Plan**

(Dollars in Thousands)

<i>Program</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>	<i>CATEGORY TOTALS</i>
(A) Public Health						
TB/Leprosy Control	\$5,000	\$3,000	\$609	\$359	\$300	\$9,268
Sexually Transmitted Diseases	4,000	1,700	1,024	2,536	2,500	11,760
Laboratory Support	—	1,008	—	—	—	1,008
Immunizations	600	161	179	242	250	1,432
Perinatal Services	1,300	634	1,062	—	—	2,996
Family Planning	1,000	1,200	1,800	1,300	1,300	6,600
Child Health & Disability Prevention	700	—	—	—	—	700
Adolescent Family Life	200	140	710	1,958	2,000	5,008
IRCA Subvention	8,561	12,757	13,900	17,527	20,000	72,745
Public Health Administration	281	707	2,123	2,260	2,000	7,371
Subtotals	<u>\$21,642</u>	<u>\$21,307</u>	<u>\$21,407</u>	<u>\$26,182</u>	<u>\$28,350</u>	<u>\$118,888</u>
(B) Public Assistance						
General Assistance	\$100	\$278	\$339	\$475	\$500	\$1,692
Foster Care	—	20	1,599	1,638	1,800	5,057
AFDC-FG & U	50	123	209	304	325	1,011
SSI-SSP	150	2,225	6,230	9,995	10,000	28,600
Food Stamps	100	119	28	54	65	366
Housing	—	—	4,030	3,148	3,200	10,378
Medi-Cal	6,300	7,959	28,593	56,902	61,675	161,429
Calif. Children's Services...	600	355	355	355	355	2,020
Medically Indigent Services	68,400	143,154	208,866	219,303	238,866	878,589
County Medical Services	—	—	4,000	5,250	6,000	15,250
Primary Care Clinics	10,000	13,600	23,123	27,747	30,000	104,470
Mental Health	—	3,000	6,000	6,000	6,500	21,500
HCD Administration	—	55	330	331	329	1,045
DMH Administration	—	132	515	342	342	1,331
DSS Administration	211	505	904	786	866	3,272
DHS Administration	—	1,120	2,580	2,619	2,984	9,303
HWA Administration	—	1,207	1,538	1,393	1,393	5,531
Auditor General Administration	—	—	30	—	—	30
Subtotals	<u>\$85,911</u>	<u>\$173,852</u>	<u>\$289,269</u>	<u>\$336,642</u>	<u>\$365,200</u>	<u>\$1,250,874</u>
(C) Education						
Adult Ed. (ESL & Civics) ...	\$10,034	\$136,811	\$181,293	\$142,800	\$34,924	\$505,862
K-12	2,300	886	1,400	—	—	4,586
SDE and CCC Administration	113	1,953	2,616	2,140	2,140	8,962
Subtotals	<u>\$12,447</u>	<u>\$139,650</u>	<u>\$185,309</u>	<u>\$144,940</u>	<u>\$37,064</u>	<u>\$519,410</u>
TOTALS	<u>\$120,000</u>	<u>\$334,809</u>	<u>\$495,985</u>	<u>\$507,764</u>	<u>\$430,614</u>	<u>\$1,889,172 ¹</u>

¹ This plan does not include the full \$2 billion expected to be available through SLIAG, pending federal action which would justify expanding the plan to include the 1992-93 fiscal year.

Public Safety

Protecting our citizens from crime and violence is the fundamental obligation of any civilized society. As Governor, nothing is more important to me than getting criminals off the streets and behind bars where they belong.

Governor George Deukmejian
August 1987

From the beginning of this Administration, and in every budget proposed including the 1990-91 Governor's Budget, a primary focus of the Administration has been on the safety and security of the citizens of California. This commitment has been demonstrated throughout the various budgets involved in public safety. In the Department of Corrections, which projects that the inmate population will have grown by over 70,000 to more than 105,000 by June 30, 1991 in response to tougher sentencing laws, more than 24,000 prison beds in 14 new prisons or additions to prisons have been built. Our prisons are staffed by a workforce which will have grown from 11,317 personnel years in 1982-83 to over 29,000 personnel years in 1990-91. Funding to support these operations has grown from \$549 million to \$2.3 billion over this same period—an increase of 320 percent since 1982-83.

The Administration has proposed, supported, and signed into law major anticrime legislation and has increased support for local agencies through the Office of Criminal Justice Planning from \$15 million in 1982-83 to over \$118 million in

1990-91. The Department of Justice's crime fighting efforts in the Division of Law Enforcement and Criminal Law Division have also been expanded through the support of new technologies and by increasing resources from \$89 million and 1,926 personnel years to \$220 million and 2,747 personnel years. Significant increases in funding for the Judicial system have also been provided.

In the area of highway safety, it is estimated that between 1982-83 and 1990-91 the number of miles traveled each year on roads patrolled by the California Highway Patrol (CHP)

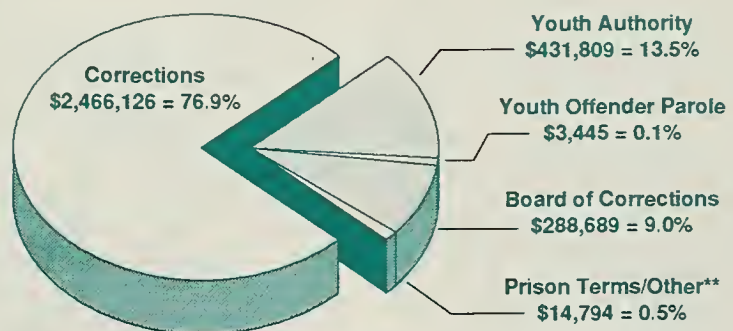
will have increased by 69 billion miles (or 55 percent) and that vehicles registered in California will have increased by 27 percent. In response to this growth, the Administration has approved significant increases to the staffing and budget levels of the CHP. For 1990-91, the Governor's Budget proposes a funding level of \$573.8 million and 5,306 traffic officers, representing increases of 83 percent and 25 percent, respectively, since 1982-83.

The 1990-91 Budget continues to reflect the Administration's commitment to public safety programs. (See Figure 7-A). This Governor's

Figure 7-A

**Youth and Adult Correctional Agency
Proposed 1990-91 Expenditures*
All Funds**

(Dollars in Thousands)



*Includes state operations and local assistance costs only.

**Includes Agency Secretary and Presley Institute.

Budget supports the correctional programs required for the steadily increasing prison and parole populations which result from tougher criminal sentencing laws and increased law enforcement resources. Other public safety areas include expanded highway safety programs, support for both state and local law enforcement and criminal information programs, and for programs aimed at fighting drug abuse, drug trafficking and gang violence.

The following expenditure programs are included in the 1990-91 Governor's Budget.

Department of Corrections

The Department of Corrections (CDC) is responsible for the incarceration of convicted felons and for the supervision of these felons after their release on parole.

By January 1990, California's prison population has grown from less than 35,000 inmates in 1983, to more than 87,000. The Department now operates 19 institutions, 8 reception centers, 38 camps and 54 community correctional facilities with a total design capacity of about 51,000. In spite of the record levels of inmates and the fact that California prisons are operating at more than 170 percent of their designed capacity, the rates for violent incidents and escapes have decreased. During the last seven years, the parole population climbed at an even faster rate, growing from less than 15,000 to more than 58,000.

The Governor's Budget provides \$2.3 billion, excluding \$162 million in general obligation bond debt service costs, and 29,100 personnel years for 1990-91 to accommodate this expanding population. While including additional support for the major program elements described below, this budget also includes a \$20.6 million savings requirement to be met through program efficiencies to be identified by the department during 1990-91.

The department's institution population will increase by 11,448 and 11,370 in 1989-90 and 1990-91,

respectively, reaching a total of 105,690 by June 30, 1991. In order to provide custody, security and support services for this increased institution population, the Governor's Budget proposes to add 1,580 personnel years at a cost of \$175.5 million for the budget year. This amount includes the staff and operating costs to activate three new institutions, the new women's prison in Madera County, a reception center in Kern County-Wasco and the new men's prison in Northern Imperial County, as well as additional community based facilities and conservation camp beds for the minimum security inmate population. Within the above total, the budget proposes to fund \$26.4 million in one-time new prison activation costs from 1990 Prison Bond funds.

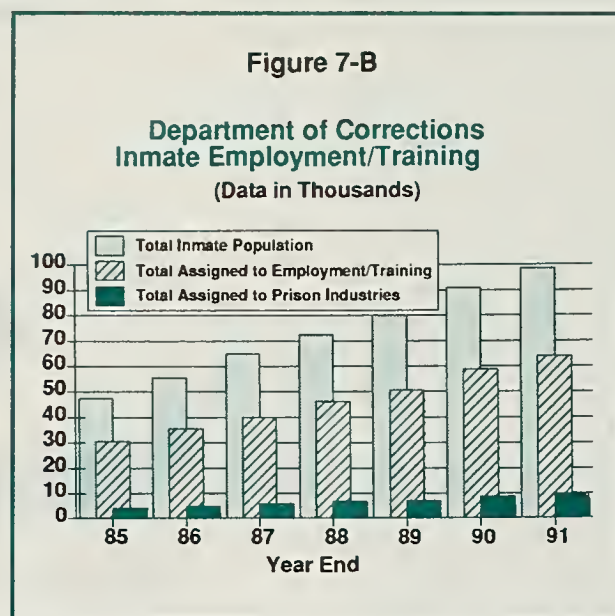
The parole population will increase by 8,191 and 8,555 in 1989-90 and 1990-91, respectively, reaching a total of 70,525 by June 30, 1991. Supervision of this population will require an additional 139 personnel years at a cost of \$10.5 million for the budget year. This budget also provides \$1.3 million for increased psychiatric care for the department's most violent and deviant parolees.

A major policy objective of this Administration is to provide inmates meaningful employment and training

to help ensure a positive transition when they re-enter society. The department's inmate and work training programs have kept pace with the increasing population, maintaining more than 60 percent inmate employment with the number of inmates working or being trained increasing from 30,000 in 1984-85 to 63,683 by 1990-91. This increase of more than 33,000 inmate jobs is a major step toward the goal of full inmate employment. Figure 7-B displays the growth in these prison employment and training programs.

Despite the significant efforts that have been made to find inmate work opportunities, the continued rapid growth in inmate numbers makes full inmate employment an increasingly difficult goal. Too few current jobs offer inmates pay and the opportunity for the state to recoup any of the inmate's costs of incarceration. The Governor is proposing an initiative to allow the Department of Corrections to create jobs in cooperation with private enterprise which will provide more transferable work experience and generate income for inmates, crime victims and the state.

This budget also supports new programs developed by the department to help reduce prison overcrowding and keep parolees from returning to



prison. Among these programs are 1,500 additional community facility beds to be constructed by local government at a cost of \$16.8 million for the first year contracts for these facilities. These facilities house non-violent parole violators or soon-to-be-released inmates who are enrolled in work reentry programs. This budget also includes an augmentation of \$1.1 million to be used by the Department's new Office of Substance Abuse Programs to support demonstration projects which will reduce drug abuse behavior among CDC parolees. Continued funding of \$9.4 million is also provided for the Substance Abuse Revocation Diversion program to provide intensive supervision and other controls for selected substance abusing parolees who have reverted to drug use and who, without the program, are more likely to be returned to prison.

Prison Construction

Over the past seven years, this Administration has been responsible for the establishment of the most extensive and aggressive prison construction program in the history of the nation. The impetus behind new prison construction has been the dramatic increase in the number of criminals sent to prison as the result of tougher laws and more severe penalties. Since no new prisons had been built in California for 20 years prior to the 1980s, the overcrowding of the prison population reached a crisis level and accelerated the deterioration of existing prisons. As the prison population continued to climb, this Administration, with the support of the Legislature, launched the New Prison Construction Program which is administered by the Department of Corrections.

Before the New Prison Construction Program got underway, there were 12 prisons. During the term of this Administration, 14 major prison projects, including three 500-bed additions at existing institutions, varying in size from 100 to over 3,000 beds have been completed. Further-

more, the New Prison Construction Program has provided 10 new conservation camps (exclusive of 4 camps developed with support funding) and expanded 3 of the 24 existing camps. Four new prisons are presently under construction: the Central California Women's Facility in Madera County; the California State Prison—Kern County at Wasco; one in Northern Imperial County; and the Pelican Bay State Prison in Del Norte County. Pelican Bay State Prison is partially occupied and three more prisons are under design; two in Los Angeles County and another in Kern County near Delano. In addition, the Legislature has authorized the study and initial design of prisons in Fresno County near Coalinga and one in Southern Imperial County. Upon the completion of these projects, this Administration will have added about 42,000 prison beds to the 26,000 beds available at the beginning of the New Prison Construction Program. (Refer to Table 7-1 for a listing of all new prison-bed projects).

A significant contribution to this effort has been possible due to the Department's use of prototype building plans which can be refined and adapted, as needed, to each new site. The use of prototype building plans not only streamlines the construction process but also reduces construction costs. However, the prison population is expected to continue to increase and, unless additional prisons are sited and built, the prison population will be overcrowded by approximately 218 percent by mid-1994. Figure 7-C illustrates this disparity.

Financing the cost of new prison construction has been provided to this Administration through a mixture of funding methods comprised of a combination of general obligation bonds, revenue bonds backed by lease-purchase agreements and direct appropriations from the General Fund. General obligation bonds are the cornerstone. Four Prison Construction Bond Acts totaling \$2.1 billion of the \$3.5 billion New Prison

“Over the past seven years, this Administration has been responsible for the establishment of the most extensive and aggressive prison construction program in the history of the nation.”

Table 7-1

New Prison Bed Construction Projects

<i>Major Projects</i>	<i>Design Bed Capacity</i>	<i>Construction Start</i>	<i>Initial Occupancy</i>
NEW PRISONS—COMPLETED:			
CSP-Avenal	3,034	12/23/85	January 1987
Mule Creek State Prison	1,700	1/2/85	June 1987
Northern California Women's Facility	400	11/21/85	July 1987
Richard M. Donovan Correctional Facility at Rock Mountain	2,200	5/9/85	July 1987
CSP-Corcoran	2,916	9/8/86	February 1988
Chuckawalla Valley State Prison ^a	2,000	5/21/87	December 1988
Subtotal	12,250		
MAJOR EXPANSIONS—COMPLETED:			
California Men's Colony-West	900	1983	June 1984
California Medical Facility South	2,404	1/5/84	October 1984
Southern Maximum Security Complex	1,000	6/27/83	October 1985
Three 500-Bed Additions	1,500	11/26/85	August 1986
CSP-Sacramento County at Folsom	1,728	4/1/85	October 1986
California Institution for Women-Special Housing Unit	100	10/29/86	June 1987
Subtotal	7,632		
OTHER PROJECTS—COMPLETED:			
Camps ^b	1,390	Various	June 1984
Modular Housing Units	1,000	N/A	June 1984
Subtotal	2,390		
OTHER NEW PRISONS:			
Pelican Bay State Prison ^a	2,280	3/23/87	December 1989
CSP-Madera County (Central California Women's Facility)	2,000	10/6/88	October 1990
CSP-Kern County at Wasco	2,450	6/89	August 1990
CSP-Kern County at Delano	2,450	10/89	December 1990
CSP-Imperial County-North	2,200	11/89	June 1991
California Reception Center-Los Angeles....	1,450	Pending ^c	Pending ^c
CSP-Los Angeles County	2,200	Pending ^c	Pending ^c
CSP-Fresno County at Coalinga	2,200	Pending ^c	Pending ^c
CSP-Imperial County-South	2,200	Pending ^c	Pending ^c
Subtotal	19,430		
Grand Total	41,702		

^a Partially activated—to be completed in current year.

^b 13 new and expanded camps are currently completed with 1,200 beds occupied, 70 more beds are under construction and 120 are in the design stage.

^c Schedules to be developed upon completion of the Environmental Impact Report.

Construction Program were approved by the voters in 1981, 1984, 1986, and 1988.

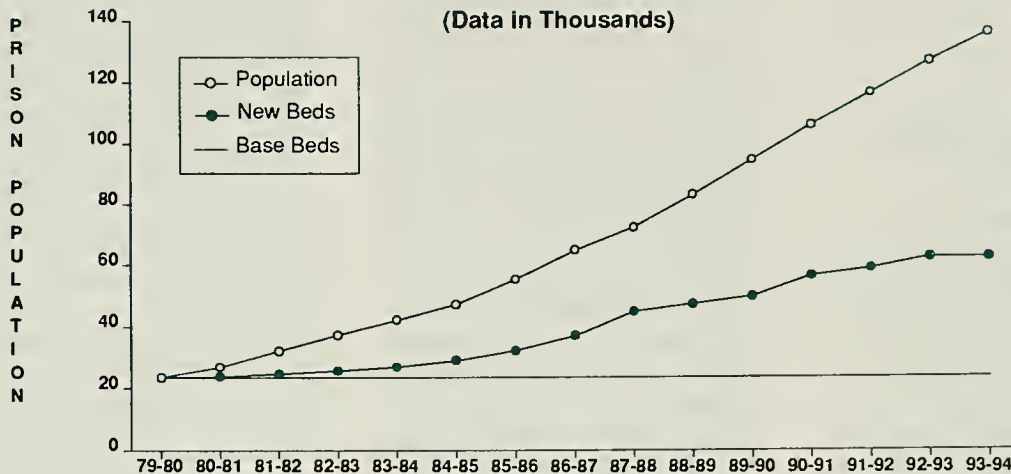
The Legislature has also authorized financing of prison construction through State Public Works Board issued lease-purchase revenue bonds. Within the \$1.4 billion reve-

nue bonds limit established by the Legislature, a total of \$932.5 million in revenue bonds has been issued to finance the acquisition, construction and underwriting of prison facilities. A portion of the \$1.4 billion authority has been used as security to obtain interim financing for the Central California Women's Facility in Madera

County and the California State Prison—Imperial County-North prison. Through a combination of General Fund appropriations, general obligation bonds and lease-purchase authorizations, sufficient funding is in place to complete all of the projects currently authorized except

Figure 7-C

Department of Corrections
Prison Population and Beds



NOTE: "Beds" represent the institutional design capacity of authorized and proposed institutions and camps. Additional "overcrowding" bed space is provided through other means, such as:

- o Addition of permanent beds in individual cells.
- o Addition of temporary beds in gymnasiums, corridors, auditoriums and dormitories.
- o Addition, through a Parole Division managed program, of Return-to-Custody beds obtained by contracts with local governments and private vendors. These beds are funded in the support budget.

for the prisons in Southern Imperial County and Fresno County near Coalinga.

Since 1983, this Administration has expanded its camp program from 24 to 38 camps and increased the number of camp beds from 2,000 to over 3,600. Three camps have been added for female inmates. Ten camps were completed and three expanded under the New Prison Construction Program. Presently, a 120-bed camp is under design and 70 beds are under construction.

Even with the number of new beds added to the prison system, the increasing population puts a severe strain on existing institutions. The accelerated deterioration associated with prolonged overcrowding, combined with court decisions which specify conditions under which inmates may be housed, requires major capital improvements to many existing facilities.

The Governor's Budget proposes \$21.9 million from a proposed \$900 million 1990 prison construction bond measure to upgrade the state's existing prison facilities including:

- Improvement of security and safety features to accommodate the increased inmate population and a more aggressive type of inmate.
- Infrastructure rehabilitation and expansion projects.
- Numerous projects to rehabilitate, replace and/or expand inmate programming and support services space.

A successful approach utilized by this Administration has been the Inmate Day Labor Program which employs inmates under the supervision of union tradesmen to accomplish capital outlay projects at state prisons. Since the inception of this

"... unless additional prisons are sited and built, the prison population will be overcrowded by approximately 218 percent by mid-1994."

program four years ago, it has provided meaningful work and new skills for inmates. Significant accomplishments under this program range from the renovation of the prison cells at San Quentin State Prison to meet court ordered requirements, to the reconstruction of the hospital wings at the California Medical Facility.

Department of the Youth Authority

The Department of the Youth Authority protects society from criminal and delinquent behavior by young people and provides training and treatment directed toward helping these youths become productive citizens. The Department also provides funding to local governments under the Criminal Justice System Subvention Program, the 1986 County Correctional Facility Capital Expenditure Bond Act and the 1988 County Cor-

rectional Facility Capital Expenditure and Youth Facility Bond Act.

The Governor's Budget proposes a total of \$346.9 million and 5,126 personnel years for the operation of the Department, which consists of 11 institutions and 6 conservation camps, as well as local assistance funding of \$84.9 million for 1990-91.

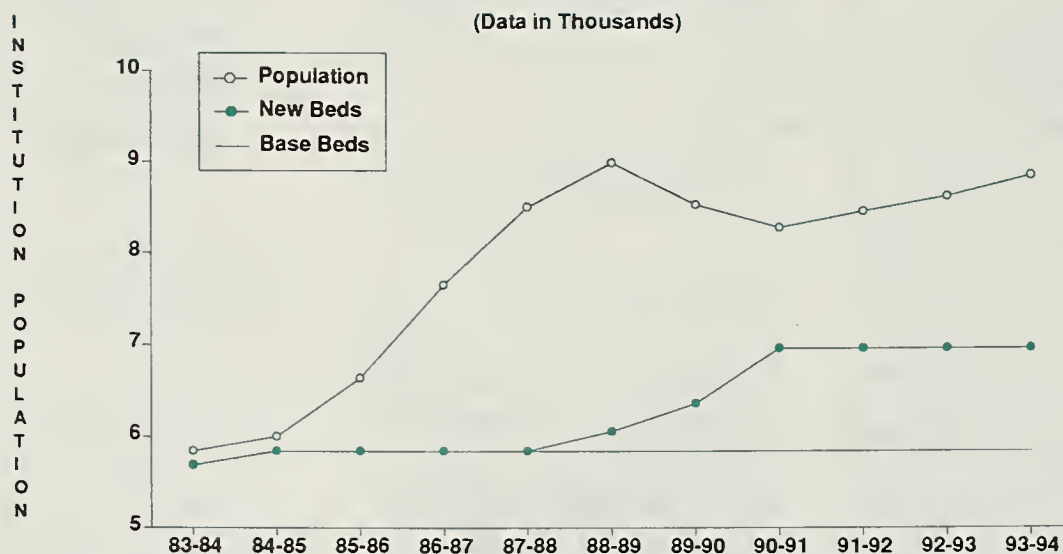
Youth Authority institutions are projected to house 8,397 wards by June 30, 1990. This is 663 less than the previously budgeted level of 9,060. This decrease results from a shortening of the average length of stay of the wards in the institutions and a corresponding increase in the number of wards on parole. By June 30, 1991, the institutions population is estimated to be 8,273 and reflects an overall population decrease of 787, which includes a decrease of 150 wards due to the implementation of a new policy alternative to achieve a

net reduction in behavior-related sentence extensions over a three year period.

In order to further reduce institution crowding, the Department has under construction five 100-bed units, and the 600-bed N.A. Chaderjian institution, and has implemented "bed-saving" alternative programs to reduce the ward population within the institutions. Eleven such programs will have begun by the 1989-90 fiscal year. When fully implemented in 1990-91, along with the new program described above, these programs will have avoided the need for 1,320 beds, thus limiting institution crowding to approximately 119 percent of design capacity. These programs focus on preparing the wards for successful reintegration into the community as productive citizens. Public protection is further increased by providing early detection of problems and early intervention through parole violator services, intensive parole

Figure 7-D

Department of the Youth Authority Institution Population and Beds



NOTE: "Beds" represent the institutional design capacity of authorized and proposed institutions and camps. Projected population is adjusted for bed savings from alternative programs.

services, home restriction involving the use of electronic monitoring devices, secure and structured community drug treatment and ongoing job counseling programs.

The Department's 5-year Population Management and Facilities Master Plan projects institution population to increase significantly by 1995 (Refer to Figure 7-D). To cope with this increased population, the Department is completing construction of a 600-bed facility at the Northern California Youth Center (NCYC) in Stockton and three 100-bed camps at the Preston School of Industry, the El Paso de Robles School and the Ventura School. Other budgeted projects include expanding kitchen space at the El Paso de Robles School, building a new infirmary at the Fred C. Nelles School, construction of a Staff Training Center in Stockton, as well as conversion of laundry space for Free Venture Programs at NCYC, and improving the water system at the Youth Training School. Long-range planning is underway to further reduce projected bed deficiencies and to reduce crowding by constructing two 100-bed special program units, and instituting a Short-Term Intensive Institutional Program.

Local Detention

Local detention facilities are also under pressure to handle the increasing number of criminals requiring incarceration. Local governments must also deal with court orders significantly limiting capacity in many older facilities. The 1990-91 Budget provides \$4.8 million and 50 personnel years for the Board of Corrections to support the construction and operation of local jail facilities. The County Jail Construction Financing Program in the Board of Corrections was started in 1980 to provide counties funding for remodeling or construction of county jails. Since then, five bond acts totaling nearly \$1.5 billion have been passed for this purpose. More than \$516 million have been disbursed to counties through 1988-89, \$143 mil-

lion is estimated for disbursement during 1989-90 and \$200 million is proposed for the 1990-91 fiscal year. In addition, the Department of the Youth Authority will allocate \$9 million in 1989-90 and \$11 million in 1990-91 for local juvenile facilities. Local jail capacities will be increased more than 28,300 beds and over 6,600 beds scheduled for closure due to fire and life safety deficiencies will be replaced. Additionally, the Governor's Budget provides \$14.3 million in assistance to counties for training of local correctional and probation personnel.

California Highway Patrol

The California Highway Patrol (CHP) is the largest highway patrol in the United States and is recognized for its leadership on public safety issues. This Administration is firmly committed to maintaining this tradition of excellence to assure the safety of the motoring public and respond to their needs. The Governor's Budget demonstrates the Administration's continuing commitment by proposing a funding level of almost \$574 million and 8,804 personnel years for the CHP in 1990-91, an increase of 4.4 percent and 1.3 percent, respectively, above the 1989-90 levels.

The basic responsibility of the CHP is to ensure the safe and efficient flow of traffic on the state's highway system. More than 98,000 miles of California's highways, about two-thirds of all roads in the state, are within the CHP's jurisdiction. In 1988, California drivers logged an impressive 174 billion miles of travel on CHP-patrolled roadways. Yet, the mileage death rate, which is the number of deaths occurring on the highway system for each 100 million miles that motorists travel, was only 1.90. The 1988 rate is lower than the national average and represents a significant drop from the 10-year high of 2.76 that occurred in 1980.

The CHP sustains a high level of safety through a variety of public education, traffic safety and special enforcement projects. These include ongoing road patrol efforts,

"The County Jail Construction Financing Program was started in 1980 to provide counties funding for remodeling or construction of county jails. Since then, five bond acts totaling nearly \$1.5 billion have been passed for this purpose."

aerial traffic services, special patrols to apprehend persons driving under the influence of drugs or alcohol, a comprehensive commercial vehicle enforcement program, an award-winning motorcyclist safety program, and a leadership role in state and national safety belt compliance programs.

The Governor's Budget proposes a variety of ongoing programs and budget augmentations to enhance public safety and service. These are highlighted below.

Field Strength. The Governor's Budget proposes an augmentation of \$9.8 million and 150 traffic officers and 30 support staff for 1990-91. With this augmentation, the number of CHP traffic officers will have increased by 1,047 since 1982-83. These additional officers will provide an enhanced level of service to the public in the areas of traffic congestion relief, aid to disabled motorists and apprehension of persons driving under the influence of alcohol or drugs. In 1990-91, the CHP estimates its traffic officers will work 7,620,000 total hours. Figure 7-E displays the changes in the number of CHP traffic officers since 1982-83.

Replacement Weapons. The Administration considers the safety of traffic officers to be among its

highest priorities. Recently, gang and drug violence has jeopardized the safety of highway patrol officers in this state. In response to the increased threat to officer safety, the Administration is proposing to replace the CHP's standard revolvers with semi-automatic pistols. For 1990-91, the Governor's Budget proposes \$1.3 million to begin the first phase of a two-year replacement program.

Telecommunications. The CHP's telecommunications system is one of the largest and most complex statewide systems in the United States, handling more than eight million calls each year. In recent years, expansion of roadside call boxes and mobile cellular phones has greatly expanded the demand placed on that system.

To maintain the effectiveness of the CHP telecommunications system, the Governor's Budget proposes an additional \$10.5 million and 48 personnel years for telecommunications equipment and services in 1990-91. This includes \$8.8 million for new and replacement equipment, 20 personnel years to staff dispatch centers, and 28 communication operator personnel years to

be deployed in counties that are establishing roadside call box systems.

Commercial Vehicle Enforcement. To protect the public from the unsafe operation of commercial vehicles (primarily trucks, semi-trailers and buses), the CHP operates a combination of scale and inspection facilities, as well as mobile road enforcement patrol units on highways without fixed scale or inspection facilities, to inspect commercial vehicles for mechanical defects and failure to comply with weight, load, size, tie-down, registration and driver qualification requirements. The CHP frequently uses strike teams to concentrate patrol efforts and also routinely visits motor carrier terminals to inspect drivers' records for violations.

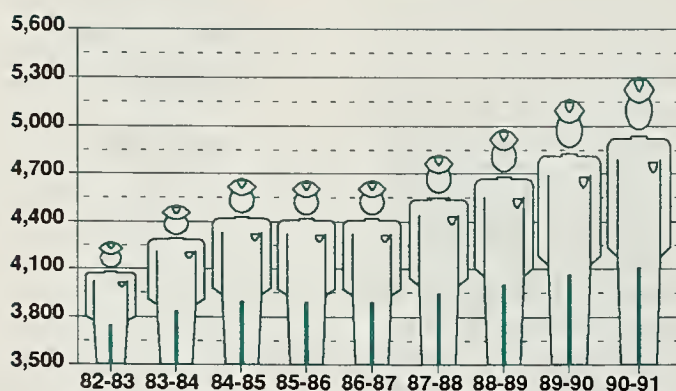
The Governor's Budget proposes an increase of \$1.2 million and 23 personnel years for the commercial vehicle enforcement program in 1990-91. This increased level of funding will allow the CHP to address increased workload resulting from growing levels of truck traffic, the need to operate inspection facilities on a 24-hour basis, and the increased regularity of motor carrier terminal inspections.

School Bus Inspections. The CHP annually inspects and certifies school buses and periodically inspects school bus maintenance facilities to ensure that the vehicles are properly maintained. The CHP also tests and certifies school bus drivers and investigates all school bus accidents. The Governor's Budget proposes \$4.4 million and 79 personnel years for this enforcement program in 1990-91.

Hazardous Material Enforcement. The CHP inspects hazardous materials carrier terminals, vehicles, equipment, and loading and shipment procedures to reduce the likelihood or severity of an accident involving these materials. In 1988-89, the CHP inspected 10,930 terminals handling hazardous materials, recorded 79,448 violations at carrier terminals, and conducted

Figure 7-E

Authorized CHP Traffic Officers
1982-83 to 1990-91



14,709 inspections of containers transported by hazardous waste hauler vehicles. The Governor's Budget proposes 102 personnel years for these enforcement activities in 1990–91.

In addition, the illegal transporting and disposal of hazardous waste along state highways, freeways and county roads continues to increase daily. As a result, the CHP is increasing its efforts to combat this problem by participating in regional and county task force strike teams established to investigate these public health hazards and aid in the criminal prosecution of responsible parties.

Drug and Alcohol Enforcement.

In order to assure safety for the motoring public from persons driving under the influence (DUI) of drugs or alcohol, the CHP has implemented a number of innovative efforts to control the DUI driver. One of these efforts is the use of sobriety checkpoints on roads with high incidences of DUI-related accidents, which was recently ruled to be constitutional by the United States Supreme Court. In 1988, the CHP investigated 23,007 accidents caused by alcohol or drug intoxication and made 128,968 DUI-related arrests. In addition, the CHP made 10,082 arrests for drug-related offenses, such as possession and sales.

Vehicle Theft. Vehicle theft continues to be a major problem in California. The CHP estimates that, in 1990–91, the number of stolen vehicles in California will increase to 324,000. To protect the public from economic losses resulting from vehicle theft, the CHP has assigned officers full-time to investigate and prosecute vehicle thefts and vehicle theft rings. The CHP's efforts to reduce the state's vehicle theft rate include statewide coordination of investigations with other law enforcement agencies; development, analysis and dissemination of vehicle theft information; and selective inspections of vehicles and business establishments. For 1990–91, the CHP estimates that its Vehicle

Theft Control program will recover 24,108 stolen vehicles valued at \$91.3 million. The Governor's Budget proposes \$10.2 million and 136 personnel years to address the state's vehicle theft problem.

Department of Justice

The constitutional office of the Attorney General heads the Department of Justice and is responsible for ensuring that California's laws are uniformly interpreted and enforced. The Attorney General represents the state in civil and criminal proceedings, and represents the people in all matters before the Appellate and Supreme Courts of California and the United States. As the state's chief law officer, the Attorney General represents the people in the enforcement of anti-trust, civil rights and environmental laws, investigates and prosecutes organized criminal activity and major fraud conducted in California, and coordinates statewide narcotics enforcement efforts.

The proposed Governor's Budget for the Department of Justice totals \$290.3 million and 3,952 personnel years, an 8.7 percent increase over 1989–90. Included are \$171.9 million for the Division of Law Enforcement, \$47.8 million for the Criminal Law program, \$41.7 million for the Civil Law program and \$22.6 million for the Public Rights program.

Major efforts which will be undertaken by the Department in 1990–91 include the continuation of new programs started in 1989–90 through the enactment of legislation. These include programs which focus on the enforcement of laws regarding drug abuse, in particular, crack cocaine abuse, introduce DNA identification into California's criminal justice system, and improve investigative practices involving child abuse victims.

CrackDown Task Force Program.

The emergence of powerful Colombian cocaine smuggling cartels using domestic street gangs as the distribution network for "crack" is one of the most devastating drug

"The emergence of powerful Colombian cocaine smuggling cartels using domestic street gangs as the distribution network for "crack" is one of the most devastating drug problems in California today."

problems in California today. Last year, California experienced over 500 gang-related homicides, many in wars fought over the right to sell "crack" cocaine. Law enforcement has determined that one of the most successful modes of operating against major drug traffickers is through the use of a task force wherein state and local agencies pool their resources to provide the higher level of funding and expertise needed to manage complex, long-term investigations. Through the CrackDown Task Force Program, established in 1989-90, the Department of Justice is developing a statewide strategy to use field narcotics investigation information, criminal intelligence information and financial information, collectively, to identify, target and investigate major Colombian and street gang cocaine trafficking organizations. This will be accomplished through task force teams including local law enforcement personnel primarily working in the major urban areas of the state where the cocaine problem is more severe. The 1990-91 Budget includes \$22.4 million for full year implementation of this program.

Deoxyribonucleic Acid (DNA) Identification Program. DNA "fingerprinting", using biological evidence like hair, blood, skin and semen samples left at crime scenes, has been hailed as the most significant breakthrough in linking suspects to their crimes since the advent of conventional fingerprinting. The DNA in samples of tissue left behind by criminals can be compared to the DNA of suspects, permitting their positive identification or exoneration. Through implementation of its DNA Identification Program in 1989-90, the Department of Justice is beginning to provide DNA analysis of casework materials for the 46 counties served by the Bureau of Forensic Services and the 12 counties served by local forensic laboratories. The 1990-91 Budget includes \$1.8 million for full year costs of operating the Berkeley lab. Expansion of the program by establishing additional regional laboratories is deferred to allow both matu-

ration of this technology as well as to use the experiences gained at the Berkeley laboratory to realize maximum benefits of this promising new technology before embarking on a course of statewide implementation.

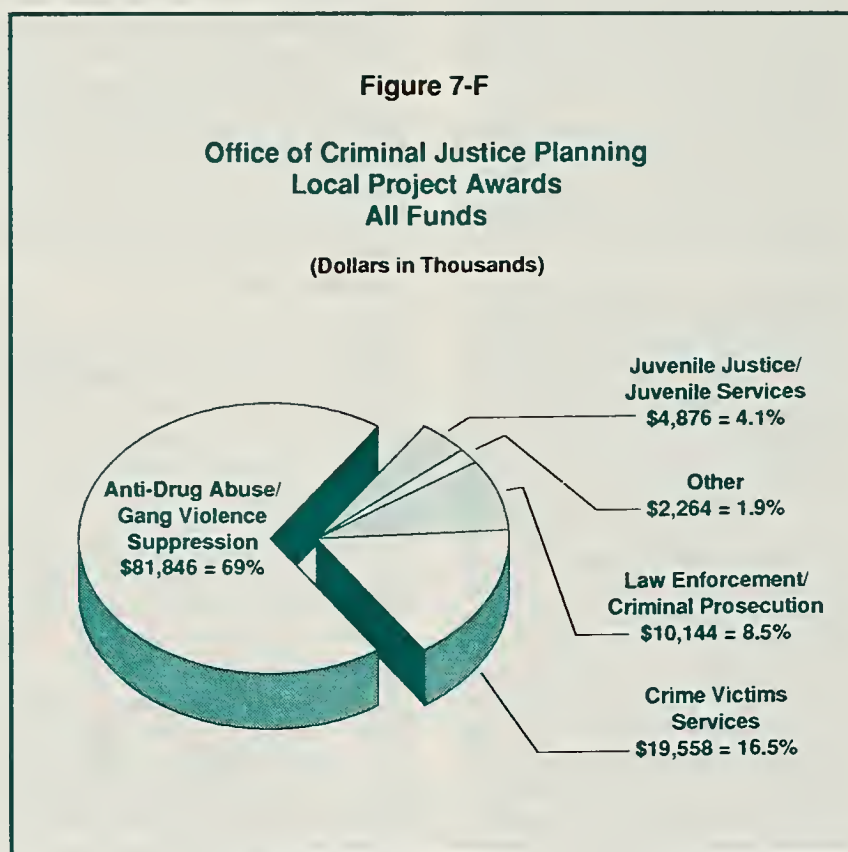
Child Victim Witness Investigative Pilot Project. In 1990-91, \$518,000 is included in the Budget to establish pilot projects in up to three counties to test recommendations for changes in investigative practices as they pertain to children in legal proceedings. The major purpose of these projects will be to eliminate unnecessary repetitive interviews and streamline the investigative process for children who have been abused.

Office of Criminal Justice Planning

Through its many innovative grant programs to local government, state and community service agencies, the Office of Criminal Justice Planning (OCJP) provides the statewide

leadership to improve California's criminal justice system. The Office achieves this by providing financial and technical assistance to local governments, state agencies and the private sector, education and training for the state's citizens, and technical assistance and research support for the Administration and the Legislature in the areas of law enforcement, crime prevention, juvenile justice, criminal prosecution and crime victim's services.

For 1990-91, the proposed Governor's Budget for the Office totals \$129.5 million and 125 personnel years. As displayed in Figure 7-F, local assistance awards total \$118.7 million, with \$81.8 million in funding for anti-drug abuse and gang violence suppression activities, \$19.6 million for victims of crime programs, and for \$10.1 million for law enforcement and prosecution programs aimed at the most dangerous, repeat criminal offenders.



Expansion of the Drug Suppression in Schools Program. For 1990–91, a \$10 million increase is proposed to supplement OCJP’s \$20 million Comprehensive Alcohol and Drug Prevention Education Program, a component of the Suppression of Drug Abuse in Schools Program. The existing program provides allocations to school districts to implement proven comprehensive drug and alcohol prevention, intervention and interdiction services to target students at a “critical stage” of their development—grades 4 through 6. The proposed increase will allow the program to expand to grades 7 and 8 to affect those students entering the second “critical phase” of their emotional and social development through early identification of “at risk” behavior as well as reinforce the drug education curriculum currently taught in the 4th, 5th and 6th grades.

Victim-Witness Assistance Program. The 1990–91 Budget proposes an increase of \$300,000 to expand the Victim-Witness Assistance and Rape Crisis Center programs. Of this amount, \$219,000 is proposed to be distributed to 45 existing victim-witness centers which currently serve the state’s 58 counties, with the remaining \$81,000 to be distributed to the state’s current 64 rape crisis centers. This increase will enable victim-witness and rape crisis centers throughout the state to meet growing demands for services and increased costs to provide such services.

Local Public Prosecutors and Public Defenders Training. For 1990–91, \$100,000 in one-time funding is proposed to provide training concerning the investigation and prosecution of hazardous materials, asset forfeiture and wiretap cases for public prosecutors and public defenders. Such training will provide more effective investigations and prosecutions of cases involving hazardous materials violations, asset forfeitures and wiretapping and will improve the skills of public prosecutors and public defenders in this area of law.

Office of the State Public Defender

The Office of the State Public Defender (OSPD) was established in July 1976 to represent those persons entitled to representation in the appellate courts but who are financially unable to employ counsel. For 1989–90, 20 additional attorneys and support staff were added to the OSPD’s staff to handle the growing caseload in capital appellate cases both at the state court and federal court levels. For 1990–91, another 10 attorneys and support staff are proposed for additional anticipated caseload growth in the capital appellate area.

Judicial *

The State Constitution created the California Supreme Court and the Courts of Appeal to exercise the judicial power of the state at the appellate level. The Constitution also created the Judicial Council of California to administer the state’s judicial system and created the Commission on Judicial Performance to consider complaints against judges. This Budget also contains funds for counsel for indigent appellants.

For 1990–91, the Judiciary is proposing a funding level of \$143 million and 1,036 personnel years. This represents a 10.8 percent increase over 1989–90 to handle increasing workload in several programs including:

- An increase of \$6.1 million for the Courts of Appeal’s court appointed counsel program. A portion of this funding is proposed to handle the additional 7,900 appointments projected over 1989–90, which represents a 18.7 percent workload increase. Included is also a mid-year rate increase for the Courts of Appeal contract administrators who provide case oversight and limited direct representation to indigent defendants.

* The proposals included in this budget are those submitted by the Judicial Branch and do not necessarily reflect the Governor’s position on these issues.

“Throughout the Governor’s seven year tenure, high priority has been given to making resources available in the areas of prevention, treatment and enforcement of drug abuse, drug trafficking and gang violence and to intensify the state’s war against drugs and gangs.”

- An increase of \$2 million to implement legislation recently signed into law. Funding includes \$580,000 to implement SB 218 which establishes two three-year child victim witness pilot projects and to continue the establishment of guidelines to encourage the development of local court-appointed special advocate (CASA) programs to assist abused and neglected children who are the subject of judicial proceedings. Another \$909,000 is proposed to continue fee supported, legislatively mandated services by the Administrative Office of the Courts' family court services unit. Proposed funding also includes: \$133,000 to establish a demonstration project to assess the cost and benefits of audio and video recording of court proceedings; \$167,000 to provide centralized payment of assigned judges; and \$201,000 to develop rules regarding the retention of court records.
- An increase of \$8.1 million to provide support for workload increases in support and administrative functions which improve

court operations and provide for the continued development of the Judiciary's automation systems.

Gangs and Drugs

Throughout the Governor's seven year tenure, high priority has been given to making resources available in the areas of prevention, treatment and enforcement of drug abuse, drug trafficking and gang violence and to intensify the state's war against drugs and gangs. Since the Governor has assumed office, resources available to fight the state's drug war have grown to \$311 million in the current year.

Through these resources provided by the state as well as federal agencies, the Administration is tailoring a balanced but aggressive plan to resolving the state's drug and gang problems.

For 1990-91, over \$342 million is proposed for expenditure, as reflected in Table 7-2. Included are the following major proposed anti-drug/anti-gang initiatives:

Federal Anti-Drug Abuse Grant Funds. For federal fiscal year

1990, \$39.7 million in federal anti-drug abuse funds are anticipated to be received by California. Of this amount, \$25.6 million, or 64.4 percent, is to be available for allocation to local law enforcement agencies, with \$14.1 million, or 35.6 percent, for allocation to state agencies.

CrackDown Task Force Program.

As mentioned above, this program was initiated in 1989-90 through legislation signed by the Governor which appropriated \$13.4 million to the Department of Justice to establish 11 crackdown task forces and 3 money laundering teams. For 1990-91, \$22.4 million is proposed to provide full year funding for the CrackDown Task Force Program including \$8.7 million in federal anti-drug abuse funding.

Gang Information System. The Office of Criminal Justice Planning proposes \$1.1 million in federal anti-drug abuse funds for continued development of an automated criminal intelligence system focusing on gangs and gang members to be operated by the Department of Justice.

Table 7-2

DRUG AND GANG VIOLENCE SUPPRESSION PROGRAM EXPENDITURES ***(Dollars in Thousands)**

<i>Department</i>	<i>1988-89 (Actual)</i>			<i>1989-90 (Revised)</i>			<i>1990-91 (Proposed)</i>		
	<i>General</i>	<i>Federal</i>	<i>Other</i>	<i>General</i>	<i>Federal</i>	<i>Other</i>	<i>General</i>	<i>Federal</i>	<i>Other</i>
Department of Justice:									
Bureau of Narcotic Enforcement	\$22,681	-	\$5,388	\$33,502	-	\$5,922	\$34,157	-	\$14,937
Western States Information Network	-	\$2,217	-	-	\$2,426	-	-	\$2,480	-
Campaign Against Marijuana Planting	-	466	-	-	497	-	-	422	-
Drug Diversion, Investigation and Prosecution Program	-	-	-	-	585	196	-	590	198
Electronic Surveillance Coordinator	-	-	-	128	-	-	130	-	-
Asset Forfeiture	-	-	-	-	-	231	-	-	235
Office of Criminal Justice Planning:									
Campaign Against Marijuana Planting	2,750	-	-	2,684 ¹	-	-	2,750	-	-
Major Narcotic Vendors Prosecution	2,751	-	-	2,751	-	-	2,751	-	-
Gang Violence Suppression. Suppression of Drug Abuse in Schools	4,315	505	675	4,315	505	712	4,315	505	712
Gang Risk Intervention Pilot Program (GRIPP —Los Angeles Co.)	1,929	-	1,055	18,629	-	3,743	28,629	-	3,743
Federal Anti-Drug Abuse Program	-	-	-	-	-	1,000	-	-	1,000
Automated Gang Information System	-	10,808 ²	-	-	12,489 ²	-	-	25,539 ²	-
Department of Alcoholic Beverage Control (Drug Enforcement Narcotics Team)	-	-	300	-	-	300	300	-	-
Department of Consumer Affairs:									
Dental Board	-	-	71	-	-	99	-	-	107
Board of Medical Quality Assurance	-	-	569	-	-	678	-	-	780
Pharmacy	-	-	20	-	-	68	-	-	68
Registered Nurse	-	-	506	-	-	638	-	-	711
Veterinary Medicine	-	-	583	-	-	49	-	-	49
Physician's Assistants	-	-	-	-	-	-	-	-	30
Podiatric Medicine	-	-	15	-	-	20	-	-	20
Department of Veterans Affairs	135	-	-	135	-	-	135	-	-
Department of Corrections:									
Narcotic Addict Evaluation Authority	462	-	-	580	-	-	682	-	-
Dog Units	325	-	-	340	-	-	355	-	-
Substance Abuse Education	235	-	-	1,065	-	-	1,065	-	-
Special Narcotics Services	2,115	-	-	1,945	-	-	2,428	-	-
Criminal Activities Coordination	774	-	-	874	-	-	1,040	-	-
Substance Abuse Revocation Diversion	9,178	-	-	9,142	-	-	9,142	-	-
Substance Abuse Treatment Units	761	-	-	1,110	-	-	1,110	-	-
Campaign Against Marijuana Planting	77	-	-	140	-	-	154	-	-

Table 7-2—Continued

DRUG AND GANG VIOLENCE SUPPRESSION PROGRAM EXPENDITURES *

(Dollars in Thousands)

Department	1988-89 (Actual)			1989-90 (Revised)			1990-91 (Proposed)		
	General	Federal	Other	General	Federal	Other	General	Federal	Other
Office of Substance Abuse Programs	-	-	-	325	100	-	1,376	-	-
Department of the Youth Authority:									
Institutions and Camps.....	12,633	-	-	15,593	-	-	15,836	-	-
Parole Services	2,491	-	519	3,090	-	447	3,116	-	250
Department of Education:									
Positive Role Model Project..	177	-	250	427	-	-	-	-	-
Drug-Free Schools and Communities Act of 1986 .	-	12,643	-	-	21,104	-	-	20,480	-
School/Law Enforcement.....	-	-	-	650	-	-	650	-	-
Office of Traffic Safety:									
Alcohol and Drugs in Relation to Traffic Safety	-	3,940	-	-	4,155	-	-	4,100	-
California Highway Patrol:									
Traffic Management.....	-	-	11,869	-	-	12,911	-	-	13,084
Campaign Against Marijuana Planting	-	-	139	-	-	156	-	-	164
Support for Local Drug Task Force Teams	-	-	800	-	-	1,388	-	-	1,457
Department of Transportation...	-	-	-	-	-	300	-	-	300
Department of Alcohol and Drug Programs	35,705	40,208	8,200	39,626	75,523 ³	10,770	39,682	65,563 ³	10,753
Department of Mental Health: Community Services.....	500	-	-	500	-	-	500	-	-
Department of Rehabilitation: Vocational Rehabilitation Program	2,273	9,094	-	2,412	9,588	-	2,511	9,889	-
Department of Social Services Foster Family Home Recruitment for Substance Dependent/Exposed Infants and Children with AIDS.....	-	-	-	1,156	-	-	3,341	-	616
Department of Health Services:									
Intravenous Drug Users.....	-	560	-	-	1,130	-	-	2,500	-
Family Health Services for Drug Exposed Women and Infants	-	-	-	1,843	-	-	1,843	-	1,806
Total	\$102,267	\$80,441	\$30,959	\$142,962	\$128,102	\$39,628	\$157,998	\$133,126	\$51,020

* Expenditure levels may include activities not directly related to drugs or gangs, such as alcohol-related activities, which cannot be separated out.

¹ Of this amount, \$487,000 has been provided to Butte County as a part of a package to provide financial relief to the county in the current year through deferred payment of fire protection services provided by the Department of Forestry and Fire Protection.

² This amount has been reduced by those grant amounts awarded/proposed and reflected in the Department of Justice, Bureau of Narcotic Enforcement; Department of the Youth Authority; and the Department of Alcoholic Beverage Control as reimbursements.

³ This amount has been reduced by those grant amounts proposed and reflected in the Office of Criminal Justice Planning, Department of Social Services and the Department of Health Services as reimbursements.

Environmental Quality

Excellence also requires more attention to California's quality of life. All the prosperity in the world won't make us happy if our environment is allowed to deteriorate.

Governor George Deukmejian
January 1985

The 1990–91 Governor's Budget reflects the Administration's continuing concern for protection of the environment. The most basic needs of Californians include clean air and water. It is unfortunate that the growth of California's economy has occasionally resulted in the degradation of the environment. Many of these problems were created years ago and were not apparent until recently. Current and future generations must not only find ways to facilitate the operation of California industries, while limiting adverse impacts on the environment, but must attempt to mitigate the unforeseen effects of past decisions.

Expenditures to mitigate environmental problems, as proposed in the 1990–91 Budget, are reflected in a number of programs and agencies. The organizations most directly involved are the Air Resources Board, the Water Resources Control Board, the newly renamed California Integrated Waste Management Board and the Toxic Substances Control Program in the Department of Health Services. However, there are a number of additional programs and agencies which also contribute to the effort to preserve the environment.

Environmental Programs

The Environmental Affairs Agency and its three Boards—Air Resources Board, Water Resources Control Board (State and Regional Boards), and the California Integrated Waste Management Board—have made significant progress over the last seven years in meeting the Administration's environmental goals. The greatest challenge the Environmental Affairs Agency faces is maintaining the quality of the environment to accommodate California's growth.

The 1990–91 Governor's Budget proposes expenditures of \$579.3 million (including General Fund expenditures of approximately \$59.6 million for General Obligation bond costs) and 2,271 personnel years for various environmental programs statewide. This represents approximately a 261 percent increase in funding from the 1982–83 funding level of \$160.4 million and a 70 percent increase in staffing (1,339 personnel years) over the 1982–83 level.

Air Resources Board

The Air Resources Board (ARB) has primary responsibility for protecting air quality in California by establishing ambient air quality standards for specific pollutants, controlling motor vehicle emissions statewide, and coordinating with local programs to control stationary sources. These efforts require monitoring of ambient air pollution throughout the state and ongoing research in various air pollution

areas, such as indoor air pollution, toxic air contaminants and acid deposition.

The 1990–91 Governor's Budget proposes \$90.4 million in total funding for the ARB, including funds for expansion of the following high priority activities:

- To continue the implementation of the California Clean Air Act, an additional \$2 million and 16 personnel years are proposed. This will be the second year of implementation.
- To evaluate the effectiveness of the Smog Check Program, an additional \$3 million and 25 personnel years are proposed. These additional resources will permit the Board to test and quantify vehicle emission reductions that result from the Smog Check Program.
- To pursue the possible use of alternative fuels, an additional \$887,000 and 4 personnel years are proposed. These additional resources will permit the Board to work on establishing regulations for alternative fuels and research the health effects of emissions from the use of alternative fuels.

In addition, the 1990–91 Governor's Budget includes \$1.9 million and 2 personnel years to fund the third year of the Local Fisheries Mitigation Program. This program is an effort by the Environmental Affairs Agency to mitigate the effects of offshore oil and gas development on the commercial fishing industry.

California Integrated Waste Management Board

It has long been recognized that systems for solid waste management must keep pace with the expanding population and economy.

The Waste Board has been involved in studying waste management practices, examining problems related to existing practices, identifying alternatives and planning for future needs. In 1988–89, the Board began implementation of the Solid Waste Disposal Site Clean-up and Maintenance Program, (AB 2448), to ensure that all solid waste facilities maintain environmentally safe and fiscally sound closure and post-closure plans.

The close of the 1989 Legislative Session saw the passage of twenty bills which together make up the Integrated Waste Management Strategy. In addition to providing a structure for a comprehensive and coordinated statewide waste management strategy, this new approach focuses on specific problem areas such as the disposal of used tires and recycling of resources (e.g. newspaper, high grade office paper, oil, construction rubble, etc.). The main objective of the Integrated Waste Management Strategy will be to promote the following waste management practices in order of priority:

- Source reduction.
- Recycling and composting.
- Environmentally safe transformation or land disposal.

The implementation of the Integrated Waste Management Strategy is dependent upon the authorization of program expenditures. Although program authorization for the Integrated Waste Management Strategy was provided, no expenditure authority was included in the legislation. Therefore, the Administration will support special legislation to provide an appropriation of approximately \$3 million for current year costs (102 personnel years).

In 1990–91, continued implementation of the Integrated Waste Management Strategy is proposed at \$25.8 million and includes authorizing an additional 88 personnel years. Although each component of the Strategy will be initiated by the end of 1990–91, it will take several years of planning and incremental staffing to insure that full program implementation will occur through an ordered and coordinated effort.

In addition, in 1990–91, \$17.3 million (6 personnel years) and \$3.3 million (5 personnel years) are proposed for the full implementation of the Solid Waste Disposal Site Hazard Reduction Act and the California Tire Recycling Act.

State Water Resources Control Board

The purpose of the State Water Resources Control Board (SWRCB) and the nine regional boards is to preserve and enhance the quality of the state's water resources and to assure their proper allocation and effective utilization. These objectives are achieved through two programs, water quality and water rights, by the following means:

- monitor and enforce waste discharge requirements.
- conduct a wastewater treatment plant operator training program.
- allocate the remaining unappropriated waters of the state.
- enforce permit conditions, prevent water wasting, and abate illegal water diversions.

Compared to the 1982–83 program level which included 677 personnel years and \$95.6 million in expenditures, the 1990–91 Governor's Budget proposes over 1,153 personnel years and expenditures of almost \$374 million. This represents a 70.3 percent staffing increase and a 291 percent increase in total funding.

Much of this increased funding is attributable to the implementation of the State Revolving Fund (SRF), authorized by Congress in the Water Quality Act of 1987 and providing

\$170.2 million in 1990–91 for loans for wastewater treatment plant construction.

The 1990–91 Governor's Budget continues to expand efforts to mitigate groundwater pollution, and expands SWRCB efforts into three new areas of effort:

- Implementation of the pooled liability program to assist owners and operators of underground petroleum storage tanks to resolve leaks and related problems (\$4.9 million).
- \$2.1 million to implement a program of monitoring and remediation for aboveground crude oil storage tanks.
- Proposed expenditures of \$2.5 million in both 1989–90 and 1990–91 to implement a Bay Protection and Toxic Clean-up program, to begin to identify and plan for the clean-up or mitigation of toxic hot spots in California's bays and estuaries.

Toxics and Environmental Health

Californians annually produce about 10 million tons of toxic waste. Virtually every consumer product generates waste by-products. Safely disposing of these wastes is one of the greatest challenges facing our society.

The 1990–91 Governor's Budget proposes expenditures of \$315.6 million and 2,397 personnel years for various toxics programs statewide. This represents a 474 percent increase in funding and a 155 percent increase in staffing over the 1982–83 level.

Table 8-1 displays the existing and proposed funding levels of the various state departments concerned with toxics problems.

Department of Health Services. 1989–90 and 1990–91 are watershed years for the Toxic Substances Control Program (TSCP) of the Department of Health Services (DHS). Enabling legislation provides the TSCP with a stable and ongoing

funding source for both the regulatory and site mitigation activities. The changes to law made through these statutes also provide for a change in approach within the TSCP. With less funds available on an annual basis for direct site clean-up, the emphasis will be placed on site stabilization. Once sites are stabilized, attention will be directed toward assuring that the parties responsible for the site contamination fulfill their responsibilities to achieve full site clean-up.

Also, beginning in the current year, the TSCP will be developing procedures for permitting through regulatory standards, as opposed to individualized permits for state-only facilities (those facilities which must meet state requirements but not federal requirements). In the past, these state-only facilities had gone without regulatory oversight due to the need to prioritize the use of limited resources. However, to assure that these facilities perform up to appropriate standards, the 1990–91 Governor’s Budget includes an augmentation of \$1.5 million for additional surveillance and enforcement staff.

During the current year, the TSCP will be making final decisions to approve or disapprove hazardous waste plans developed by the 58 counties and four regional entities. In addition, the Program will begin work on a comprehensive state plan for the management of California’s hazardous waste. The 1990–91 Governor’s Budget includes \$866,000 for the continuation of limited-term positions which are assigned the responsibility of implementing the county and state hazardous waste management planning process.

Department of Justice. The Attorney General is responsible for enforcement actions arising under the state and federal Superfund laws and the Hazardous Waste Control Act. On behalf of the Department of Health Services, the Attorney General handles legal actions necessary to recover the costs incurred by the state to cleanup hazardous waste sites. Some of these cases involve

millions of dollars and multiple responsible parties.

Department of Food and Agriculture. The Department of Food and Agriculture is responsible for registering and regulating chemicals—primarily pesticides—that are used in the state. For 1990–91, the Governor’s Budget proposes \$3,065,000 in additional funding to implement new regulations and improve pesticide and food safety regulation. Substantial expansion is also proposed for the pesticide residue monitoring program to keep up with the increasing use of agricultural pesticides and the concern for public safety. In addition, numerous programs are being established, regarding the registration and use of pesticides in California, thus ensuring that food produced in the state is safe for consumption.

Office of Emergency Services. The Chemical Emergency Planning and Response Commission appointed by the Governor has responsibility to implement the federal Title III program. This program provides regional emergency planning through six committees and is integrated with the state programs which emphasize local planning through the approximately 125 Local Administrative Agencies. The Office of Emergency Services (OES) provides technical support to both programs as well as review of plans. In addition, OES provides direct staff support to the Commission and committees.

OES also operates the California Hazardous Material Incident Reporting System. OES collects and analyzes information provided by hundreds of local emergency response teams. This data is used to refine the emergency management system and is available to businesses.

OES also provides hazardous response training to local agencies. The October, 1989 Bay Area earthquake brought a heightened awareness of the need for such training. In 1990–91, OES will expand its training program.

*“Californians
annually
produce
about 10
million tons
of toxic
waste. . . .
Safely
disposing of
these wastes
is one of the
greatest
challenges
facing our
society.”*

State Board of Equalization. The State Board of Equalization collects fees from generators of hazardous wastes and from certain hazardous waste facilities as well as collecting an annual "Superfund" tax from generators of hazardous wastes. These revenues are deposited in the General Fund's Hazardous Waste Control Account and the Hazardous Substance Account.

California Highway Patrol. To protect the public from the unsafe transportation of hazardous materials, the California Highway Patrol licenses and regulates transporters of such materials. Enforcement activities include the inspection of hazardous materials carrier terminals, vehicles, equipment and loading and shipping procedures to reduce the likelihood of a severe accident involving these materials. The 1990-91 Budget proposes \$3.1 million and 102 personnel years for these enforcement activities.

University of California. The 1990-91 Budget proposes \$2 million for the University of California for research and to continue the clean-up of its toxic sites. The University also has non-state funded research programs relating to toxics. In addition, \$3 million is included for asbestos abatement.

Department of Industrial Relations. The Department of Industrial Relations enforces safety and health standards in the work place, investigates the causes of occupational deaths, and assists employers to maintain safe and healthful working conditions by providing research information, education and consultation in the field of occupational safety and health.

Office of the State Architect and Higher Education. The Office of the State Architect oversees and recommends alternative methods of hazardous substance removal in state owned facilities. This includes specific responsibilities for management compliance with underground storage tanks law, replacement of PCB contaminated equipment, and abatement of asbestos which poses a health hazard to occupants and visitors of state facilities. The Governor's Budget proposes to continue these programs in the budget year. Specific proposals include the following:

- \$2.6 million is proposed for the completion of emergency asbestos abatement projects identified in the 1987-88 survey.

- \$3.3 million is proposed for federally mandated work to replace PCB transformers which are fire-related hazards and PCB transformers that leak.
- \$4.6 million is proposed for the installation of monitoring systems and precision testing of underground storage tanks. In addition, \$5 million will be proposed to complete site investigations, clean-up and replacement of leaking tanks in sensitive groundwater areas, and removal and clean-up of waste oil and abandoned tanks.
- \$10 million for the California Community Colleges for the removal and containment of hazardous substances. In addition, the Governor's Budget includes \$3 million to reimburse districts for their costs to develop hazardous materials business plans.
- \$10.6 million for the California State University to continue asbestos abatement efforts. In addition, \$1.2 million and 23 personnel years are included for management and monitoring of air toxics and other hazardous substances.

Table 8-1
Level of Effort Related to Toxics
(Dollars in Thousands) *

<i>Department/Program</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>
OFFICE OF EMERGENCY SERVICES				
Provides technical and staff support for local and regional response plans, compiles data on hazardous materials incidents, and provides training to local government and business on hazardous materials management.				
General	\$309	\$256	\$343	\$335
Other	900	1,846	1,690	2,358
TOTAL	\$1,209	\$2,102	\$2,033	\$2,693
Personnel Years	14	33	33	38
DEPARTMENT OF JUSTICE				
Litigates toxic waste cases to avoid further toxic pollution since the Department of Health Services (DHS) does not have the authority to litigate.				
TOTAL (Other)	\$1,422	\$1,494	\$2,483	\$2,541
Personnel Years	16	16	30	30
BOARD OF EQUALIZATION				
Prior to 1989-90, the Board expenditures were provided through a reimbursable contract with the Department of Health Services. Beginning with 1989-90, the Board is directly funded for toxic waste fee collection activities, including a \$1.1 million expenditure provided by Ch. 1032/89.				
TOTAL (Other)	—	—	\$3,854	\$3,719
Personnel Years	39	46	75	77
GENERAL SERVICES				
Administers the Asbestos Abatement, PCB Equipment Replacement and Underground Storage Tank Removal programs in State facilities.				
General	—	\$10,396	\$10,369	\$4,965
Other	\$19,382	10,300	5,000	5,424
TOTAL	\$19,382	\$20,696	\$15,369	\$10,389
Personnel Years	15	24	16	18
TRANSPORTATION				
Responds to spills on public highways; investigates and evaluates potential waste sites; and cleans up sites located on highway project rights-of-way.				
Federal	\$4,500	\$2,970	\$2,970	\$1,980
Other	13,537	12,241	13,072	12,657
TOTAL	\$18,037	\$15,211	\$16,042	\$14,637
Personnel Years	28	27	56	48
HIGHWAY PATROL				
Regulates transportation of toxic and hazardous materials.				
TOTAL (Other)	\$2,301	\$1,560	\$3,438	\$3,136
Personnel Years	66	77	102	102
AIR RESOURCES BOARD				
Identifies and quantifies emissions of toxic air contaminants; develops and evaluates methods for reducing exposure to toxic air contaminants; and coordinates with local air pollution control districts to implement and enforce controls on sources of toxic emissions. Includes expenditures of the Environmental Affairs Agency.				
General	\$1,511	\$1,631	\$1,791	\$1,805
Other	5,714	6,094	7,081	8,128
TOTAL	\$7,225	\$7,725	\$8,872	\$9,933
Personnel Years	79	89	95	103

* Budgeted basis unless otherwise stated.

** Personnel years (PY) are rounded to the nearest whole PY.

Table 8-1—Continued

Level of Effort Related to Toxics

(Dollars in Thousands) *

Department/Program	1987-88	1988-89	1989-90	1990-91
FISH AND GAME				
Monitors aquatic and marine life and wildlife for effects of hazardous chemicals, and is responsible for off-highway hazardous spills and some related enforcement activities.				
General.....	\$237	\$248	\$255	\$267
Other.....	1,055	1,200	1,236	1,297
TOTAL	\$1,292	\$1,448	\$1,491	\$1,564
Personnel Years	57	57	57	57
WATER RESOURCES				
Includes studying the health aspects of Delta water supply; advising Regional Water Quality Boards regarding water discharge; monitoring asbestos in the California Aqueduct; replacing the Department's underground storage tanks; monitoring and disposing of geothermal waste products; and monitoring groundwater in the Delta.				
General.....	\$948	\$1,125	\$954	\$1,064
Other.....	3,847	5,076	4,088	4,242
TOTAL	\$4,795	\$6,201	\$5,042	\$5,306
Personnel Years	25	36	33	24
WATER RESOURCES CONTROL BOARD (Including Regional Boards)				
Regulates the disposal of chemicals to protect water quality including: permitting, monitoring and enforcement activities for hazardous waste facilities; pretreatment of potentially toxic industrial wastes; inspecting, monitoring and supervising the clean-up of leaking underground tanks which store hazardous materials and aboveground petroleum products storage tanks; identification of sources of contamination of drinking water wells; and identification and evaluation of leakage from solid waste disposal sites and surface impoundments.				
General.....	\$14,768	\$15,900	\$12,960	\$13,349
Federal.....	1,137	6,290	9,262	13,283
Other.....	4,813	13,455	11,316	24,539
TOTAL	\$20,718	\$35,645	\$33,538	\$51,171
Personnel Years	230	306	333	411
HEALTH SERVICES				
Regulates hazardous chemicals from origin to disposal including the development of alternative technologies; develops and maintains a research capability and information repository regarding industrial chemicals and work induced diseases; and provides clean-up of toxic dumpsites, emergency response, victim compensation and emergency response equipment.				
General.....	\$5,700	\$5,363	\$16,069	\$6,248
Federal.....	15,121	19,309	32,255	26,157
Other.....	111,383	117,223	108,590	100,684
TOTAL	\$132,204	\$141,895	\$156,914 ^a	\$133,089
Personnel Years	754	934	996	1,031
^a 1989-90 funding is shown on an expenditure basis and reflects appropriations provided by Chapter 269, Statutes of 1989, as amended by Ch. 1032/89.				
UNIVERSITY OF CALIFORNIA				
Conducts research into toxic wastes. The topics researched with General Fund dollars include health effects, prevention/control of toxic wastes, environmental dispersion and basic toxicology with an emphasis on agriculture, occupational health and the state water supply. 1987-88 funding also provided for the clean-up of toxic pits and dumps. Also included are asbestos abatement efforts.				
General.....	\$2,000	\$2,000	\$2,000	\$2,000
Other.....	2,183	3,000	2,200	3,000
TOTAL	\$4,183	\$5,000	\$4,200	\$5,000
COMMUNITY COLLEGES				
Funds the development of hazardous substances inventories and emergency plans, and the removal and containment of PCBs, asbestos materials and underground tanks and their contents.				
General.....	\$5,000	\$5,000	\$8,000	\$8,000
Other.....	—	10,000	5,000	5,000
TOTAL	\$5,000	\$15,000	\$13,000	\$13,000

Table 8-1—Continued

Level of Effort Related to Toxics

(Dollars in Thousands) *

<i>Department/Program</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>
CALIFORNIA STATE UNIVERSITY				
Provides funding for the management and monitoring of hazardous materials and toxic substances, and for asbestos abatement.				
General	—	—	—	\$1,205
Other	—	\$10,600	\$5,000	10,600
TOTAL	—	\$10,600	\$5,000	\$11,805
Personnel Years	—	—	—	23
INDUSTRIAL RELATIONS				
Protects workers from hazardous chemicals, and monitors and regulates industrial carcinogens.				
General	\$3,117	\$3,323	\$6,187	\$6,187
Federal	653	1,345	3,067	3,067
TOTAL	\$3,770	\$4,668	\$9,254	\$9,254
Personnel Years	51	63	121	121
FOOD AND AGRICULTURE				
Certifies new pesticides; regulates pesticide labeling and use; monitors chemical pesticides use; tests for pesticide residues on fresh food products; identifies air and groundwater contamination attributable to pesticides; and identifies and requires implementation of procedures to mitigate any dangerous effects of pesticides. State and agriculture funds support approximately 276 county positions which are not displayed on this chart.				
General	\$19,904	\$18,805	\$19,728	\$23,445
Federal	502	751	772	787
Other	12,389	10,891	12,312	14,136
TOTAL	\$32,795	\$30,447	\$32,812	\$38,368
Personnel Years	325	273	280	314
CAPITAL OUTLAY (Including Higher Education)				
Includes replacement/repair/disposal of leaking PCB equipment; survey, replacement and clean-up of leaking underground storage tanks; and asbestos abatement statewide as well as the UC Riverside Hazardous Waste Facility construction.				
TOTAL (Other)	\$9,441	— ^b	— ^b	— ^b
Personnel Years	13	—	—	—
^b Beginning in 1988-89, funding is proposed in the Support appropriations of the affected agencies.				
TOTALS				
General	\$53,494	\$64,047	\$78,656	\$68,870
Federal	21,913	30,665	48,326	45,274
Other	188,367	204,980	186,360	201,461
TOTAL	\$263,774	\$299,692	\$313,342	\$315,605
Personnel Years	1,712	1,981	2,227	2,397

Business, Transportation and Housing

In the highly competitive world economy, California is at center stage. I am confident that we can meet the challenges of this global economy. The prospects of our future have never been brighter.

Governor George Deukmejian
April 1986

The Business, Transportation and Housing Agency's primary responsibilities are to strengthen California's business and housing climates and develop a safe and effective transportation system. To meet these goals, expenditures in the Governor's Budget for programs under the direction of the Agency total \$4.9 billion (see Figure 9-A).

Budget Highlights

Business. The 1990-91 Governor's Budget for Business, Transportation and Housing departments proposes \$240 million and 2,440 personnel years to promote business development and job creation in California and to protect the public from economic loss and illegal or unethical business practices. Included in this total are an additional \$8 million for the Rural Economic Development Infrastructure Program, a component of the Governor's Rural Renaissance Initiative, an additional \$1.9 million for Tourism and \$10 million for the Competitive Technology program.

Transportation. The Governor's Budget proposes approximately \$3.2 billion to develop and maintain California's 15,200 miles of highway and to support the state's mass transportation systems. Included within this total is \$57 million to continue the Administration's Transportation System Management initiative, which is aimed at reducing congestion on the state's highways, and the Local Participation initiative,

which brings local and state transportation agencies together to solve local transportation problems.

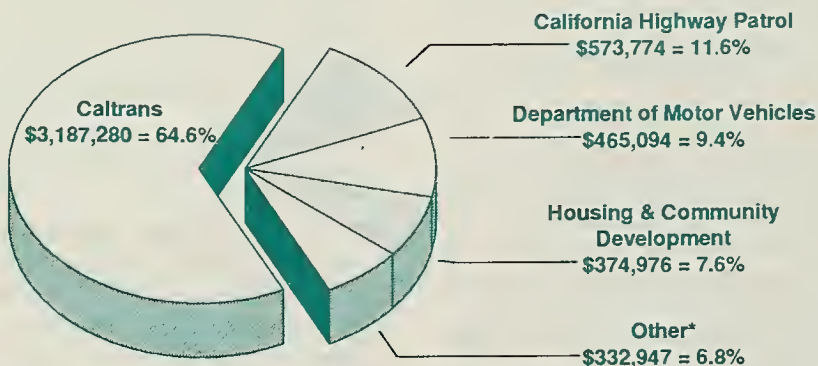
The 1990-91 Budget also proposes more than \$465 million to provide convenient and efficient vehicle registration services for the state's 24 million registered vehicles and 19 million licensed drivers.

Public Safety. To support the California Highway Patrol's law

Figure 9-A

Business, Transportation and Housing Proposed 1990-91 Expenditures All Funds

(Dollars in Thousands)



*Reflects allocations for the Department of Commerce, Department of Insurance, Department of Real Estate, Department of Alcoholic Beverage Control, Department of Corporations, State Banking Department, Department of Savings and Loan, Stephen P. Teale Data Center, Office of Traffic Safety, California Housing Finance Agency and other miscellaneous organizations.

enforcement and nonuniformed personnel who are responsible for assuring the safety of the motoring public, the budget contains approximately \$574 million. Included in this total are \$9.8 million for an additional 150 traffic officers and \$1.3 million for the purchase of semi-automatic pistols. (For further detail, refer to the Public Safety Section of this Summary—California Highway Patrol.)

Housing. The Governor is proposing a multi-year \$2 billion housing program to help put home ownership back within reach of the average family. The first aspect of this proposal is to request an increase of \$135 million to the estimated \$300 million of tax exempt bonds which will be sold by the California Housing Finance Agency to finance housing at below-market interest rates for low-income and moderate-income residents of California. Additional amounts will follow in the future, so that an additional \$1 billion will be made available for this purpose during the next five years.

The second aspect is to revise the Cal-First proposition approved by the voters in 1982 which was designed for first-time home buyers but has never been implemented due to changing markets and interest rates. By modifying this measure, another \$1 billion in capital will be made available to reduce down payments and/or subsidize interest payments for families seeking to buy their first home.

In addition, approximately \$375 million is included in the Governor's Budget to provide housing for low-income and moderate-income families and migrant farmworkers, and to enforce standards for mobile-home and manufactured home construction. Included in this amount is an augmentation of \$15 million to provide low-income housing in areas affected by the Loma Prieta earthquake.

Business

The business section of the Governor's Budget is composed of two

general areas: economic development and business regulation.

The agencies with the primary responsibility for carrying out the state's economic development objectives are the Department of Commerce and the California World Trade Commission. In 1990-91, this Administration continues its strong support of economic development, directing these two agencies to ensure that California remains a dynamic economic force, both domestically and internationally.

The state's business regulation activities are designed to foster a sound financial and business climate and protect the public from economic loss and illegal or unethical business practices. The responsibility for these regulatory activities rests with the following agencies: Department of Alcoholic Beverage Control, Alcoholic Beverage Control Appeals Board, State Banking Department, Department of Corporations, Department of Insurance, Department of Real Estate and Department of Savings and Loan.

Unitary Fund. The Governor's Budget reflects the receipt and allocation of \$50 million of Unitary Fund revenue during 1989-90 and 1990-91. For 1989-90, the Governor's Budget proposes to transfer \$13.5 million from the Unitary Fund to the General Fund. For 1990-91, the Governor's Budget proposes the following expenditures:

- \$10.1 million to fund the Competitive Technology Program in the Department of Commerce.
- \$8 million to fund the Rural Renaissance Program in the Department of Commerce.
- \$5 million to provide the Olympic Training Facility loan authorized by Chapter 1182, Statutes of 1989.
- \$3.5 million to fund the Department of Commerce's Business Development Program.
- \$1.9 million to restore the Department of Commerce's Tourism Program budget to its 1987-88 level.

- \$1 million to provide additional loan guarantees for the California World Trade Commission's California Export Finance Program.

- \$1 million to expand the Department of Food and Agriculture's Agricultural Export Program.

The Administration acknowledges that pending litigation could result in a finding that collection of the unitary fee is inappropriate. If this occurs, then it will support legislation to appropriate such amounts as are necessary from the General Fund or other available funds to repay all election fees deposited in the Unitary Fund for which a court has ordered refunds.

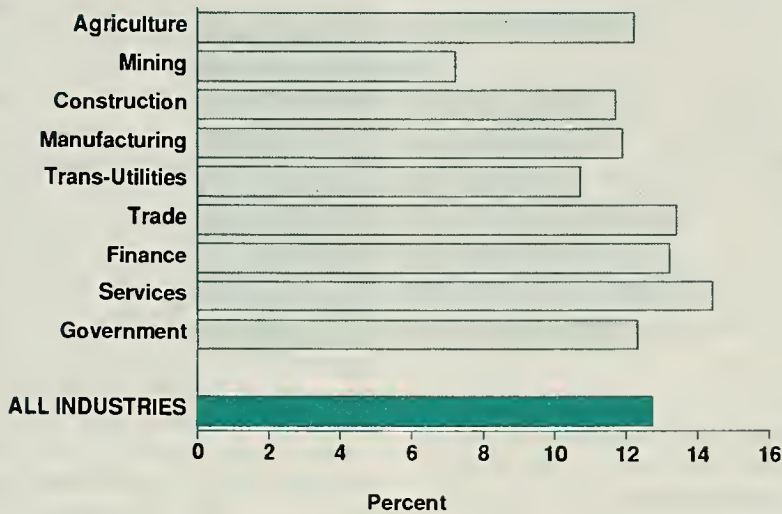
Department of Commerce

The Department of Commerce, with a staff of 134 personnel years and a proposed 1990-91 budget of nearly \$52 million, plays a pivotal role in helping to attract new business and industry to California and assist and encourage expansion of businesses already located within the state. Efforts of the Department have contributed greatly to California's robust economy, which ranks among the top economies in the world and produces 13 percent of the U.S. economic output. (See Figure 9-B.) The Department has forged a new climate of cooperation and commitment in California. Government is in partnership with industry to expand business operations, encourage investment and accommodate new enterprises to create a diverse mix of new jobs and to make California firms competitive in the international market. (See Figure 9-C.) In concert with efforts of the World Trade Commission, the Department has been instrumental in expanding trade with foreign countries, with particular emphasis on the fast growing nations that constitute the Pacific Rim. (See Figure 9-D.)

A summary of the Department's accomplishments in the areas of business development, local development, rural assistance, competitive technology, filmmaking and tourism follows.

Figure 9-B

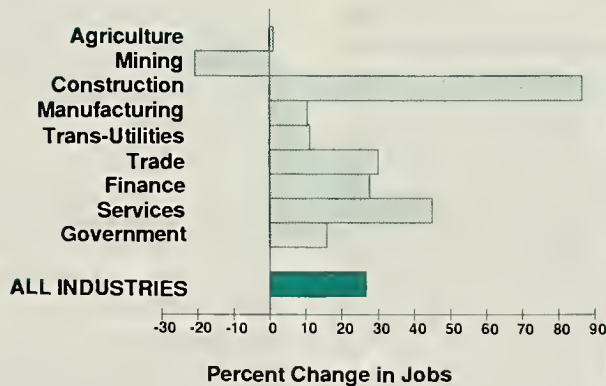
California's Share of U.S. Economic Output



“A major strategy to attract job-producing industrial growth is to ensure that companies currently located in California are made aware of how the (State) can assist and facilitate their future or proposed expansion efforts.”

Figure 9-C

Job Creation in California
1982-1989



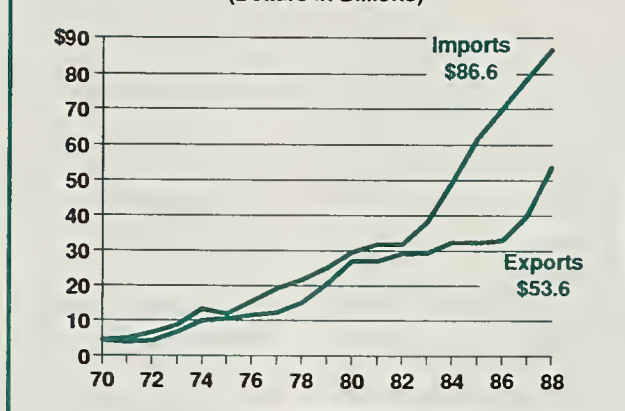
Business Development. The Department's Office of Business Development provides assistance to California's business community by ensuring that companies exploring

business location or expansion opportunities in California are knowledgeable of potential sites as well as the competitive advantages of doing business in California.

Figure 9-D

Foreign Trade Activity in California

(Dollars in Billions)



A major strategy to attract job-producing industrial growth is to ensure that companies currently located in California are made aware of how the Department can assist and facilitate their future or proposed expansion efforts. The Department is committed to strengthening lines of communication with industrial planners in a way that will provide them with the data and assistance necessary to make sound decisions and realistic projections.

Since 1982-83, more than 2,600 companies have selected California sites for location or expansion. These facilities represent a private sector investment estimated at \$18.7 billion, generating approximately 273,000 jobs. In the first three quarters of 1989 alone, the Office of Business Development assisted in the expansion, retention and location of 31 firms, resulting in an estimated 7,300 jobs being created or retained.

A few of the companies announcing major expansion in California within the past year include Sun Microsystems (4,000 jobs), Integrated Device Technologies (1,500 jobs), Sony Corporation (200 jobs), NEC Corporation (400 jobs), Frito Lay (250 jobs), Household Finance (420

jobs) and Rainbird Sprinkler Manufacturing Corporation (200 jobs).

Local Development. Economic stability is essential to the future of every community in the state. Communities in need of technical and financial assistance in their overall job creation efforts often turn to Commerce's Office of Local Development. This Office works closely with community officials on projects relating to downtown revitalization, responding to plant closures, and/or linking job training with economic development.

In 1988, the Department, in cooperation with the Small Business Administration (SBA), formed the California Statewide Certified Development Corporation, a non-profit corporation created to provide SBA financing in areas not served by other agencies. Since becoming operational, the Corporation has approved 17 SBA loans totaling \$22.6 million. This assistance is expected to create 655 new jobs. The Department also provides direct loans from the Department's Economic Development loan program to help businesses expand.

Rural Renaissance. During the 1986-87 fiscal year, the Office of

Local Development began implementation of the Governor's Rural Renaissance Initiative. Under the Rural Economic Development Promotion Program, one of the initiative's two program components, grants are made to rural counties to fund a variety of activities aimed at promoting economic development in distressed rural communities. Since its implementation in 1987, \$5.7 million has been disbursed for promotional activities, leading to the creation of an estimated 1,700 jobs.

The Department also administers the Rural Economic Development Infrastructure Program, Rural Renaissance's second program component. Under this program, low-interest loans and grants are made to rural cities and counties to assist them in the financing of public infrastructure improvements associated with the location, expansion, or retention of a business. Projects funded under the program include the construction of sewer lines and treatment facilities, water systems, parking structures and road improvements. Since 1988, 32 projects have been approved, receiving a total of \$18.2 million in low-interest loans and grants under the infrastructure program. It is estimated that these funds will lead to the creation of approximately 3,500 jobs. This funding will continue the Administration's commitment to developing new business and job opportunities while improving the quality of life for Californians in rural communities.

For 1990-91, the Governor's Budget proposes an additional \$8 million for the rural infrastructure program, bringing to \$42 million the total amount provided for Rural Renaissance since 1987.

Competitive Technology. California companies compete in global markets with companies whose governments subsidize technological development.

To enhance California's competitive position, the Governor signed legislation in 1988 creating the Office of Competitive Technology to identify and fund projects that lead to private

sector commercialization of research discoveries. The Competitive Technology Program has increased the state's role in stimulating rapid application of California research to business and industry, ensuring that our business leadership is in a position to transfer ideas into production faster and better than the competition.

During the first 8 months of the program, 28 projects were initiated totaling \$10.8 million—\$6 million state funds and \$4.8 million private matching funds. Projects that have been funded involve small and large California companies and address various areas of public interest, including improvements in computer technology, methods for improving the environment, applications for new high temperature superconductors, and new processes for medical treatment and diagnosis.

For 1990–91, the Governor's Budget proposes \$10.1 million for Competitive Technology, including \$9.7 million for new projects.

California Film Commission.

California continues to lead the nation in entertainment. The production of films, television programs and television commercials is a \$6 billion a year industry, employing more than 230,000 Californians. Feature film starts in California increased by more than 120 percent from 1985 through 1988. In the first six months of 1989, 91 films were shot either entirely or partially in the state. The California Film Commission is working with local communities and the film industry to continue building California's reputation as the entertainment capital of the world. One of the Commission's most effective marketing tools is its Location Resource Library, which has more than 91,000 photographs. The library serves as a one-stop information center. An estimated 1,200 projects used this library and borrowed about 14,000 pages of photographs during 1989.

For 1990–91, the Governor's Budget proposes \$820,000 and 8 personnel years for the California Film Commission.

Tourism. California is the most popular destination state for travel by U.S. residents. Travel and tourism in California is a \$37 billion a year industry (\$11 billion, or 42 percent, larger than it was in 1983), generating \$1.2 billion in state tax revenues and \$649 million in local tax revenues. The number of jobs provided for Californians by this industry has increased from 460,700 in 1983 to 567,000 in 1988, an increase of 23 percent. The Tourism program is an integral part of the overall plan to give California the competitive edge in attracting job-producing business development. The Department's mission in tourism is to increase travel revenue and to create tourism-related jobs as a means of reducing unemployment.

In recognition of the special needs of rural areas, the Rural Tourism Marketing Grant Program was initiated in 1986 to help rural regions market tourist destinations throughout their areas. Since then, annual grants have allowed representatives of regional organizations to promote tourism in rural areas at trade shows and other tourism-related events.

For 1990–91, the Governor's Budget proposes \$8.4 million and 11 personnel years for the Department's tourism activities. This includes an augmentation of \$1.9 million to restore the program funding to its 1987–88 level.

1989 Earthquake Funding. On October 17, 1989, the Northern California Bay Area experienced a major earthquake which resulted in loss of life and the loss or destruction of many homes and businesses. The Governor and the Legislature took immediate action to pass legislation to assist individuals, families, and businesses that were affected by the earthquake. A total of \$7 million was made available to the Department of Commerce by the legislation for the following purposes:

- \$1 million for the California Earthquake Emergency Grant Aid Program, under which grants will be made to local agencies, small business development corpora-

“The Governor and the Legislature took immediate action to pass legislation to assist individuals, families, and businesses that were affected by the earthquake.”

tions, small business development centers, and other nonprofit organizations to assist small business and local economies in recovering from the earthquake.

- \$1 million for grants to local agencies in rural areas affected by the earthquake. The grants will be used to finance the infrastructure needed to serve emergency or temporary housing units necessitated by the earthquake.
- \$5 million to provide short-term loan guarantees to businesses that qualify for, and are awaiting, loans from the Federal Small Business Administration (SBA) and short-term loan guarantees for small farms, nurseries, and agriculture-related enterprises that suffered earthquake damages and are ineligible for loans or loan guarantees from the SBA or the Federal Farmers Home Administration.

(For more information on the Earthquake Funding, see the State/Local Government Partnership section of the Summary.)

California State World Trade Commission

Formed in 1983, the California State World Trade Commission is responsible for promoting policies and programs that expand overseas market opportunities and enhance the international competitiveness of California business. Within the World Trade Commission is the California Export Finance Program, created in 1984. This program acts as a bridge to make lending to small- and medium-sized exporters more attractive to financial institutions by providing export finance insurance, co-insurance and loan guarantees. In its five-year history, the program has supported nearly \$200 million in export sales, and has provided assistance to over 200 companies in making their products known to foreign markets. For 1990-91, an additional \$1 million from the Unitary Fund is proposed bringing the total funding for loan guarantees to over

\$6 million. This increase will support an additional \$20 million annually in export sales.

Business Regulation

The 1990-91 Budget proposes \$137.5 million and 1,882 personnel years for the regulation of the financial services industry. The state's regulatory activities are designed to foster a sound financial and business climate and protect the public from economic loss and illegal or unethical business practices by real estate brokers, banks, savings and loans, insurance carriers and agents, and corporate firms. Reflective of the Administration's commitment to consumer protection, the White Collar Crime Task Force of California was formed in the 1984-85 fiscal year. The Task Force consists of representatives of five state departments, Banking, Savings and Loan, Insurance, Corporations, and Real Estate, and generally meets at 6-8 week intervals. Suspected crimes involving \$100,000 and affecting two or more departments are placed on a Task Force tracking list. In the 1988-89 fiscal year, 64 cases were being followed by the Task Force, including 10 cases that resulted in criminal convictions, 15 cases that resulted in civil actions, and 35 cases that resulted in administrative actions.

Department of Insurance

The Governor's Budget proposes a total of \$63 million and 790 personnel years for the Department's enforcement of insurance laws, prevention of insolvency in the industry, response to consumer complaints, licensing and examining activities, and elimination of fraudulent sales of insurance policies designed to cover medical costs not covered by Medicare, or "Medi-gap" abuse. Through the ongoing efforts of the Department of Insurance and the augmentations proposed in the Governor's Budget, continued attention will be focused on services to, and protection of, the public, with particular emphasis on protection of senior citizens.

Since 1982, the Department has opened more than 29,000 cases for investigation. In 1988, 202 cases resulted in civil legal action initiated by the Department, administrative action (loss or suspension of license), or referral to a local district attorney's office. These 202 cases involved fraud and are estimated to have cost the public \$4.3 million. From January to September of 1989, the Department already had completed 95 cases, involving more than \$9.3 million in losses to the public.

With emphasis on protecting senior citizens, the Department has directed additional resources to investigating and stopping Medi-gap abuse. In 1986, the Investigations Division completed 27 cases involving Medi-gap abuse; in 1989, the number of completed cases is expected to exceed 140.

The Department also emphasizes services to the consumer. In 1985-86, the Administration established the Consumer Services Bureau to provide increased service and better information to the public. More recently, the Department of Insurance has established a statewide consumer assistance phone line with a toll-free 800 number and has created the Consumer Insurance Advisory Panel to address consumer issues.

Proposition 103. In November 1988, the electorate passed Proposition 103. Proposition 103 makes the Insurance Commissioner an elected constitutional officer and requires property and casualty insurers to reduce premiums to at least 20 percent less than those in effect on November 8, 1987. An insurer may be exempted from this requirement if it can demonstrate that it would be unable to achieve a fair return on its assets if the reduction were implemented. Insurers also are required under Proposition 103 to offer "good driver" discounts of 20 percent on automobile insurance. Additionally, the Insurance Commissioner is required to review and hold public hearings for approval of applications filed by insurers requesting to increase rates

above their 1988 levels. Proposition 103 also requires the Department to provide consumers with comparisons of insurance rates among insurers.

The Department began implementation of Proposition 103 in the 1989–90 fiscal year. The Department has begun the examinations of insurance companies requesting rate increases and the financial review and public hearings for rate filings. Personnel resources and funding have been designated for the development of a rate comparison information system for consumers and \$3.5 million has been designated for allocation to local district attorneys for the prosecution of fraud suspects. During the 1990–91 fiscal year, the Department will complete implementation of the second phase of a three-phased multi-million dollar EDP automation project. This will enable the Department to utilize state-of-the-art technology and micro computer capabilities to streamline manual processes and maximize efficiency in the implementation of Proposition 103. Of its total budget, the Department estimates that over \$24 million and 289 personnel years will be used to continue the implementation of Proposition 103 during 1990–91.

Transportation

State expenditures for transportation and related public safety programs are provided in varying degrees by the Department of Transportation, the California Transportation Commission, the California Highway Patrol, the Department of Motor Vehicles, the Office of Traffic Safety and local government agencies. Most of the revenue to support transportation expenditures in the state is derived from the state and federal gasoline tax, the sales and use tax on diesel fuel, motor vehicle license and registration fees, weight fees for trucks and trailers, and local sales taxes. (Figure 9-E shows the transportation-related resources anticipated from these and other sources in 1990–91 and the uses of those resources.)

The future course of the state's transportation system will be determined this June as voters consider Senate Constitutional Amendment 1 (SCA 1) and the Passenger Rail and Clean Air Bond Act of 1990. The ability of the state to provide essential transportation capability for commerce, traffic safety and congestion relief are dependent on passage of these measures. The specific impact of these measures are discussed in detail in the Department of Transportation section of the Summary.

In addition to spending approximately \$4.2 billion on roads, highways, mass transit, vehicle licensing and registration, and public safety, the 1990–91 Governor's Budget provides more than \$88.5 million for transportation services for social service recipients. These programs are offered by several state agencies, including the Department of Transportation, the Department of Developmental Services, the Department of Rehabilitation, the Department of Alcohol and Drug Programs, the Department of Aging, and the Department of Mental Health. The services have been consolidated to promote more effective and cost efficient use of available resources. The benefits of consolidation include larger equipment orders, thereby reducing unit prices, centralized vehicle dispatching and maintenance, and reduction of duplicative administrative activities. (Figure 9-F shows the distribution of state funding for these services in 1990–91.)

Department of Transportation

The California Department of Transportation (Caltrans) is recognized as one of the outstanding transportation organizations in the world. The Department constructs, operates and maintains a comprehensive transportation system of more than 15,200 miles of highways and freeways, and provides rail passenger services under contract with AMTRAK and the Southern Pacific Transportation Company. Additionally, the Department provides tech-

“The future course of the state’s transportation system will be determined this June as voters consider Senate Constitutional Amendment 1 (SCA 1) and the Passenger Rail and Clean Air Bond Act of 1990.”

nical assistance and development loans to the more than 200 public airports in California.

The 1990-91 Budget for Caltrans includes total expenditures of \$3.2 billion from federal funds, reimbursements and various state funds. Of this amount, \$1.8 billion will be spent on support of Caltrans and local assistance programs, and \$1.4 billion will be spent on highway construction projects. The Governor's Budget proposes 16,305 personnel years for Caltrans to plan future highway construction projects, maintain the existing highway system, and work with local agencies to plan and implement local transportation projects.

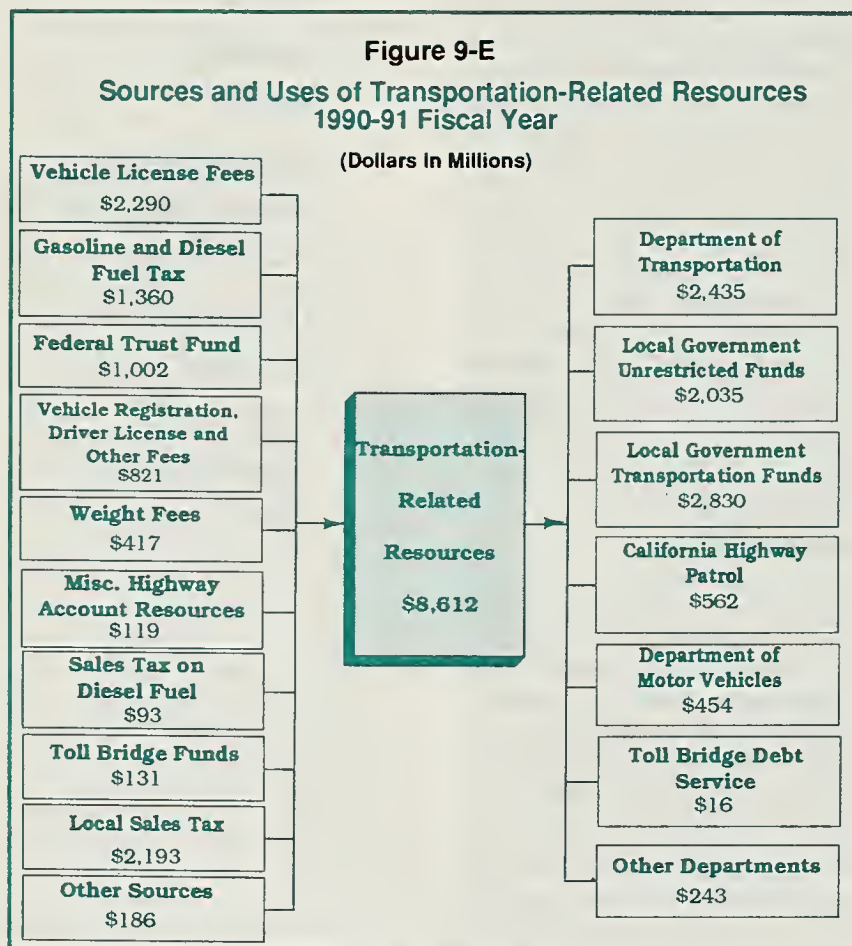
Since 1982-83, there has been an increase of 4.5 million vehicles using the state's roadways. Caltrans forecasts that by the year 2000, another 4.2 million vehicles will occupy our roads.

The Administration has adopted a combination of strategies to accommodate this rate of growth. Since 1982-83, annual expenditures on the traditional methods of addressing increased utilization of the highways, i.e. construction and rehabilitation, have increased by \$778 million or 160 percent. During that period, a total of 1,133 lane miles have been constructed or rehabilitated. Moreover, legislation recently signed by the Governor, the Transportation Congestion Relief and Spending Limitation Act of 1990, is expected to result in an even faster rate of growth in new lane miles added to the state's highway system in the coming decade. This 5-bill package includes a 10-year \$18.5 billion revenue measure, a long-term transportation plan, changes to speed up project delivery and reduce project development costs, and avenues to increase private

sector participation in the financing, designing, building and operating of new transportation facilities. These changes will be funded by a gas tax increase, an increase in truck weight fees, and general obligation bonds for rail projects. The funding for these changes is dependent on passage of two initiatives that will be submitted to the voters in June 1990, Senate Constitutional Amendment 1 (SCA 1), known as the Traffic Congestion Relief and Spending Limitation Act of 1990, and the Passenger Rail and Clean Air Bond Act of 1990. The funds are earmarked for the following specific activities:

- \$3 billion for intercity, commuter, and urban rail projects;
- \$1.25 billion for regional roads;
- \$1 billion for traffic systems management;
- \$3 billion for flexible congestion relief;
- \$150 million to complete all sound-wall projects on the existing priority list;
- \$3 billion for subvention to cities and counties;
- \$2 billion for state and local partnership projects;
- \$100 million for an environmental enhancement and mitigation program;
- \$500 million for transit capital improvements;
- \$1 billion for state highway maintenance and operations; and
- \$3.5 billion to fund the 1988 State Transportation Improvement Program (STIP).

The Administration recognizes that constructing and rehabilitating highways alone will not eliminate our current traffic congestion problems or prevent them from increasing in the future. Therefore, we have promoted a variety of innovative traffic congestion relief measures that complement the traditional method of addressing the state's transportation needs. For example, in May 1988, the Governor issued an executive order adopting the Administration's Transportation Plan to



strengthen congestion relief efforts in California. The Governor's plan has the following major components:

- Modifying working conditions in state agencies to reduce peak hour commutes and congestion by making staggered work hours available to additional state employees, limiting trips and deliveries and reducing the use of state vehicles.
- Encouraging major private employers to do the same by assisting in the development of transportation management associations, launching an aggressive marketing campaign designed to apprise people of various ride-share opportunities and providing \$10 million for the purchase of vanpool vehicles.
- Continuing the development of innovative traffic management techniques such as in-road sensors to warn authorities of traffic tie-ups, computer-equipped "smart" cars which can direct

drivers to speedier routes, Traffic Operation Centers to provide rapid responses to major accidents and incidents, incident response teams to clear freeway accidents and chemical spills more rapidly, and mobile towing services to reduce response time in eliminating traffic obstructions.

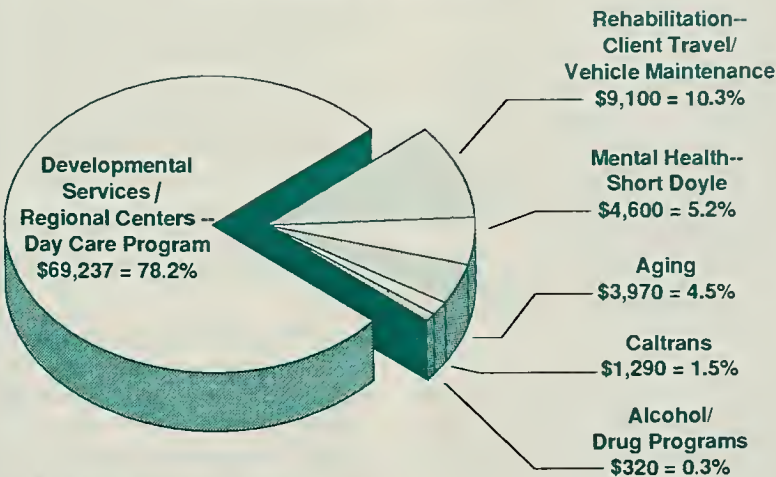
Current Transportation Funding Situation. Even though California is aggressively attacking congestion, expanding capacity, and improving efficiency, the pace of investment has not kept up with the growth in demand. This, combined with the failure of the \$1 billion bond measure in June 1988, required the Department, in 1989-90, to defer \$504 million in maintenance projects, capital projects, and equipment purchases and to obtain \$162 million additional State Highway Account funds from the Motor Vehicle Account and the Highway Construction Revolving Account. Unless SCA 1 passes in June, the 1990-91 budget faces additional reductions

"If SCA 1 fails and at some future point in time additional resources are provided for the state's highway system, it will nonetheless take three to five years to rebuild the Department's project delivery capacity to the current level."

Figure 9-F

Transportation Services for Social Services Recipients
Proposed 1990-91 Expenditures
All Funds

(Dollars in Thousands)



*Expenditures by Department

from the current level of services provided to the public. The proposed budget, which is based on current statutes, assumes that Caltrans will have to make \$533 million of State Highway Account budget adjustments, as follows:

- elimination of \$102 million of state-funded capital outlay projects;
- elimination of \$121 million of engineering services contracts;
- delaying the award of \$65 million of construction contracts until July 1, 1991;
- elimination of \$64 million of mass transit guideways funding;
- elimination of \$40 million of State Transit Assistance funding;
- reducing \$58 million from Caltrans' support budget;
- making miscellaneous adjustments of \$83 million.

Several of these adjustments are detailed below.

Capital Program/Project Delivery. Essential safety, seismic retrofit, and earthquake restoration will consume all available funds and necessitate halting the advertising of all other highway improvement projects beginning this spring. This will affect many critical congestion relief projects. In addition, this delay will have an extremely detrimental effect on the private sector construction, engineering, and related businesses, many of whom have a substantial part of their income based on contracted work from the Department. Hiring will be frozen, experienced staff will be transferred to work funded from toll and local revenues and from earthquake relief funds. In addition, \$121 million of engineering contracts will be eliminated. This will adversely affect project delivery into the 1990's. If SCA 1 fails and at some future point in time additional resources are provided for the state's highway system, it will nonetheless take three to five years to rebuild the Department's project delivery capacity to the current level.

When the state is again in a position to contract construction work, we may have fewer available experienced contractors and, therefore, costs will increase and projects may be further delayed. In addition, inflation will result in cost increases of 5 percent per year and projects postponed may have to be redesigned due to changes in the environmental impact use patterns or delays in associated projects. This could double the cost of design and environmental impact research for some projects.

Maintenance and Operations Programs. The efforts to reduce traffic congestion through traffic management strategies will be greatly reduced. The impact on the motoring public will be significant and have long-term consequences including increased risk; a more rapid growth rate for congestion; reduced regulation of traffic flow; less timely notification of traffic incidents, accidents, or alternate route information; and limited coordination with local agencies on new construction site development.

The long-term impact on the state highway system is gradual deterioration causing safety hazards that must be responded to with expensive emergency resources, less than the currently accepted quality of ride for the traveling public, and more costly rehabilitation rather than preventive maintenance. However, in 1990-91, there will be no reduction in the resources to maintain the state highway system.

Local Transit Improvements. State support of local transit will be reduced from \$108 million to \$16.2 million. The result will be a reduction of the local transit options available, heavily affecting those who do not own private vehicles, i.e., persons with low incomes, the elderly, disabled, and people who live in the inner city.

There will be insufficient funding for rail transit projects, intermodal facilities, abandoned railroad right-of-way acquisition, grade separations and bus rehabilitation projects. This loss will be especially significant

because Transit Capital Improvement funds are typically used to match federal funds. In addition, the state will no longer participate in the State Transportation Assistance program which provides capital and operating assistance to local transportation agencies for public mass transit systems. This would be accompanied by reductions in service and/or increases in fares.

Federal Funding. California will not have the state funds necessary to compete for unused federal funds redistributed from other states. Over the last two years California has received \$70 million through this redistribution.

Administration Priorities. Despite the problems that would face the state's transportation program if SCA 1 fails, the Administration will continue to use existing State Highway Account funds to maximize the benefits of the highway program to the state's motoring public. In particular, the Administration has established the following as its highest transportation priorities in the event SCA 1 fails:

- Maintain the operational safety and physical integrity of the state highway system by continuing the highway maintenance program at its current level;
- Provide full funding for replacement of highway structures that are most susceptible to earthquake damage;
- Use all federal highway funds specifically allocated to the state;
- Continue the 1988 State Transportation Improvement Program and the 1989 Project Delivery Plan with the limited funds available;
- Provide timely delivery of Loma Prieta earthquake recovery and seismic safety retrofit projects; and
- Perform the engineering and environmental support required to deliver locally funded state highway projects.

Budget Enhancements if SCA 1 Passes. Enactment of SCA 1 by the voters in June would allow the

Administration and the California Transportation Commission to restore the base reductions on which the current 1990–91 budget is predicated, begin implementation of the ten-year funding program authorized by the legislation signed by the Governor in 1989, begin reducing the 1988 STIP backlog by authorizing \$450 million of new construction, fund \$300 million of rail transportation projects, authorize \$250 million for the state-local partnership program, authorize an additional \$100 million for the Administration's Traffic Systems Management initiative, and fund the following Budget Change Proposals:

- 71 personnel years and \$7,953,000 to accommodate the growth of the state highway system and to increase the maintenance effort on the state's older bridges.
- 150 personnel years and \$9,616,000 to perform the initial project identification and development for projects to be added to the 1990 and future STIPs and Highway System Operation and Protection Plans (HSOPP).
- 23 personnel years and \$1,502,000 to continue implementation of the "project manager" concept, where a single individual is responsible and accountable for delivering a project on-time and within budget. Implementation of this concept was started by the Caltrans during the 1989–90 fiscal year.
- \$8.2 million to continue the Caltrans' expansion of the use of Computer Aided Design and Drafting (CADD).
- 243 personnel years and \$20 million to strengthen the state's partnership with local government. These resources will be used to perform mandated project delivery support through environmental clearance, providing oversight of all other phases, and providing reimbursed services to local tax measure agencies when requested.
- 10 personnel years and \$662,000 for Caltrans to administer the "State/Local Partnership" program.
- 35 personnel years for Caltrans to administer the Private Sector Participation program authorized by 1989 legislation. That legislation authorized Caltrans to solicit and enter into agreements in which the private sector would construct and then "lease-back" to the Department four transportation demonstration projects. That legislation also authorized the Department to provide reimbursed engineering and other services including preliminary planning, environmental certification, design, and construction oversight. The personnel years devoted to these activities will be fully reimbursed by the private contractors.
- 10 personnel years and \$3.3 million for a variety of congestion relief programs, including expanding both the miles and hours of coverage by the four traffic operations centers.
- \$18 million to expand Caltrans' new technology and research efforts, with an emphasis on "high tech" strategies to increase traffic flow on the existing highway system and to minimize environmental impacts in such areas as traffic noise, wetland protection, the use of water borne paints, and the use of discarded tires in maintenance. Another \$1.1 million will be proposed to begin development of a public, private, and university sponsored research center where research and development can take place to address existing and future transportation problems.
- 13 personnel years and \$1,005,000 to increase recruitment of Hispanics to increase representation to labor force parity.
- 54 personnel years and \$2,533,000 to implement Governor's directive to plan transportation systems and facilities accommodating growth and to resolve

*“ . . . constructing
and
rehabilitating
highways
alone will
not eliminate
our current
traffic
congestion
problems or
prevent them
from
increasing in
the future.
Therefore, we
have
promoted a
variety of
innovative
traffic
congestion
relief
measures . . . ”*

issues early enough in the process to avoid costly delay to the development.

- 4 personnel years and \$633,000 for workload increases in the accounting unit.
- 9 personnel years and \$442,000 to support the transit capital program as expanded by new transportation legislation.
- 7 personnel years and \$915,000 to support intercity rail capital programs to reduce running times, increase the reliability of the service, provide for the possibility of additional trains, and upgrade the quality of service.
- \$1,500,000 to conduct a travel behavior survey and update the travel database to include changes and trends in travel behavior that have occurred in the past ten years.
- \$2,500,000 to provide for expanded maintenance of automated grade crossing protection devices.
- 3 personnel years and \$257,000 to fund workload generated by new legislation establishing goals in the contract bidding process for disabled veterans, as well as changes in the awards process.

- \$1,766,000 to provide automation for various right of way and permit functions and to consolidate the department's data processing programs.

Loma Prieta Earthquake. On October 17, 1989, an earthquake of magnitude 7.1 on the Richter scale occurred along the San Andreas fault, 60 miles southeast of San Francisco. The estimated cost of the emergency opening and general repairs on highways is \$270 million. On October 26, 1989, the President signed House Joint Resolution Number 423. This resolution made \$1 billion of emergency relief funds available for restoration of the federally aided transportation system nationwide for damage caused by natural disasters. Caltrans anticipates that the resolution, together with the existing \$200 million of federal emergency relief funds, will provide sufficient funds to California for the damages caused by the Loma Prieta earthquake and the state's seismic safety retrofit projects.

On November 7, 1989, the Governor signed Senate Bill 36x, making \$80 million of state funds available for seismic safety retrofit projects statewide. These funds will be used to meet matching requirements for any federal funds available for that purpose.

Maintenance. For 1990-91, the Governor's Budget proposes spending \$646 million for this purpose. The level of funding proposed for 1990-91 will allow Caltrans to maintain the level of services provided during previous fiscal years. Included within this total is an additional \$3.8 million and 30 personnel years for increased litter control.

Rail Passenger Service. Caltrans contracts with AMTRAK and Southern Pacific to operate three passenger train services: the Peninsula Commute Service between San Francisco and San Jose, which will be transferred to the new Peninsula Rail Transit District after June 30, 1993; the San Joaquin, connecting Oakland and Bakersfield, with bus connections to many Central Valley communities and Los Angeles; and the San Diegan, which operates eight trains daily between San Diego and Los Angeles, with one train continuing to Santa Barbara.

Since 1982-83, the Administration has provided more than \$284 million, including more than \$95 million of state funds, for locomotives, rail cars and capital improvements for these and other mass transit commuter services. For 1990-91, the Governor's Budget proposes \$17 million for additional track improvements and rehabilitation on the San Diegan

Figure 9-G

Rail Passengers on State-Supported Lines San Diegan/San Joaquin

(Data in Thousands)

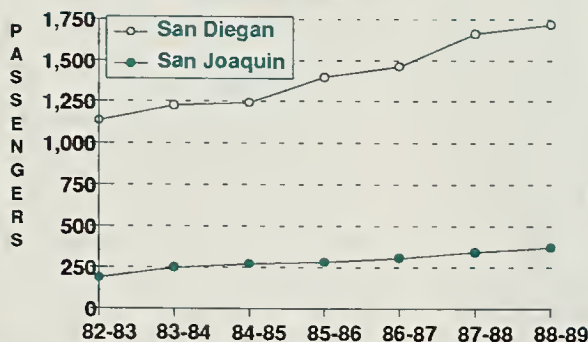
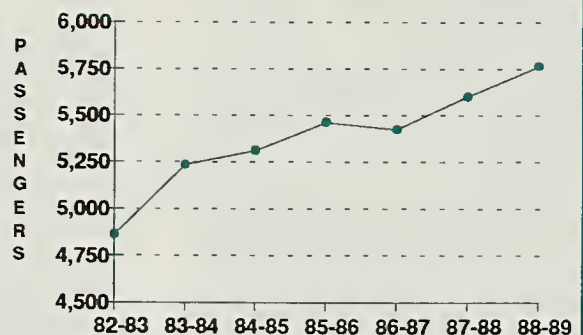


Figure 9-H

Rail Passengers on State-Supported Lines Peninsula Commute Service

(Data in Thousands)



rail line. It is anticipated that another \$100 million will be available for these purposes in 1990–91 if the \$1 billion Passenger Rail and Clean Air Bond Act of 1990 is passed by the voters in June.

As Figures 9-G, 9-H and 9-I demonstrate, both the ridership and the farebox ratio (i.e., the ratio of revenue to operating costs) have been increasing fairly steadily on these lines since 1982–83. From 1982–83 to 1988–89, the San Joaquin farebox ratio increased from 42 percent to 87 percent and ridership increased from 186,000 passengers per year to 370,000 passengers per year. The Peninsula Commute Service's farebox ratio increased from 36.9 percent to 40 percent and ridership increased from 4.9 million passengers per year to 5.8 million passengers per year. During the same period, the farebox ratio of the San Diegan increased from 59 percent to 108 percent and ridership increased from 1.1 million passengers per year to 1.7 passengers per year. The San Diegan is one of the most successful intercity rail services in the country in this regard.

Construction Highlights. The Governor's Budget provides approximately \$1.4 billion from all sources to fund about 200 major highway construction projects con-

tained in the 1988 State Transportation Improvement Program. Construction taking place, or scheduled to take place, around the state shows the Governor's continuing commitment to transportation:

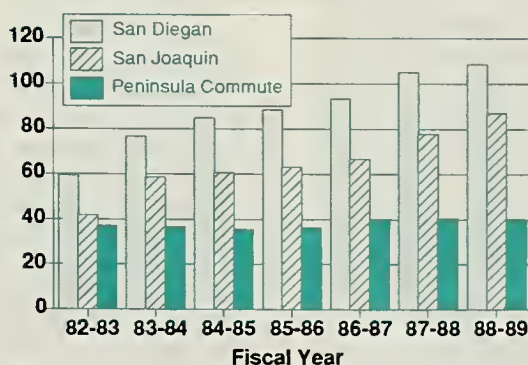
- \$287 million committed to the construction of the Century Freeway on Interstate 105 in Los Angeles County, which will connect four major freeways and improve access to the Los Angeles International Airport. Included in that amount is the largest single contract ever awarded by the Department of Transportation, for \$134 million.
- A \$41 million project to provide additional lanes for the Ventura Freeway, Highway 101, near Woodland Hills.
- Six projects worth \$142 million for widening and interchange improvements on the Santa Ana Freeway, Interstate 5, in Orange County.
- A \$35 million project on the Costa Mesa Newport Freeway, Highway 55, in the cities of Tustin and Orange.
- Two projects worth \$22 million for widening Highway 1 in the cities of Newport Beach and Huntington Beach.

“On November 7, 1989, the Governor signed Senate Bill 36x, making \$80 million of state funds available for seismic safety retrofit projects statewide. These funds will be used to meet matching requirements for any federal funds available for that purpose.”

Figure 9-I

Rail Fare Box Ratios

(Percent)



- Three projects worth \$21 million for widening and interchange improvements to Interstate 880 in Alameda County.
- Two projects worth \$26 million for widening Interstate 680 in Contra Costa County.
- A \$17 million new freeway project on Highway 152 in Santa Clara County.
- A \$12 million High Occupancy Vehicle lane project on Highway 101 in Marin County.
- A \$15 million widening project on Highway 101 in San Mateo County.
- A \$12 million freeway extension project on Highway 37 in Vallejo.
- A \$17 million new freeway project on Highway 4 in Stockton.
- A \$22 million new freeway project on Highway 101 in Redwood National Park. This is the final contract for completing the Redwood Park Bypass.
- Three projects worth \$69 million for freeway construction on Interstate 5 in Shasta County.
- A \$17 million widening project on Highway 46 in Paso Robles.
- A \$12 million interchange reconstruction project at Highways 58 and 99 in Bakersfield.
- A \$25 million widening project on Highway 58 in San Bernardino County.
- A \$27 million interchange reconstruction project on Interstates 10 and 30 in Redlands.
- A \$21 million freeway and flood control channel project at Interstate 5 and Highway 54 in San Diego County.
- A \$28 million freeway project on Highway 125 in San Diego County.

Department of Motor Vehicles

The Department of Motor Vehicles (DMV) is responsible for processing all documents relating to driver licensing and registration of motor

vehicles. As part of this responsibility, DMV collects revenue for various state and local government programs and provides information from its driver's license and registration files. In addition, DMV issues personal identification cards; screens driver license applicants for driving competency; regulates drivers who become safety risks; and licenses occupations and businesses engaged in the manufacture, transport, sale and disposal of vehicles.

Currently, there are more than 19 million licensed drivers and 24 million registered vehicles in California, representing increases of 16 percent and 25 percent, respectively, since 1982–83. Because of these increases, and because of the Administration's desire to provide convenient, efficient public services, DMV has implemented many innovative techniques aimed at both customer convenience and processing efficiency. Some of these are highlighted in the narrative below.

To enable DMV to carry out its many responsibilities, the Governor's Budget proposes \$465.1 million and 8,433 personnel years in 1990–91.

Public Service. A guiding philosophy of DMV has been to bring its services to the public and to make it as easy as possible for California's citizens to comply with registration and licensing laws. In keeping with this goal, the department has established smaller field offices in shopping centers and other areas convenient to its customers; authorized automobile clubs to register members' vehicles, collect fees, and issue license plates and stickers; established on-site registration centers at several major private employers such as Hughes Aircraft and Universal Studios; and offered extended office hours geared to the needs of local communities. The quality of service and public access to DMV facilities also has been improved by the addition of 20 new field offices and the relocation of 31 other offices since 1982–83.

In an effort to improve services to the public, DMV initiated a phone and

mail appointment system in 1986–87. As a result, the public is now able to complete routine motor vehicle transactions by mail or phone instead of making repeat visits to field offices. A survey of customer satisfaction conducted in DMV field offices for the month of October 1989 indicated that 81 percent of the respondents did not have a long wait, while 63 percent of the respondents indicated that service had improved since their last visit. Similarly, the installation of automated systems for vehicle registration and drivers' licenses in 1988 has reduced DMV's average time for issuing a driver's license from 22 to 13 days and the average time for mail renewal of a driver's license from 24 to 9 days.

In addition to reduced processing time, automation is reducing the number of state employees needed to serve the public. In total, since 1982–83, automation efficiencies at DMV have resulted in cost reductions of about \$19.9 million and 788 personnel years.

Public Safety. A primary responsibility of DMV is to provide for the safety of California's citizens on the roadways. DMV promotes highway safety by screening driver license applicants for driving competency. Also, through its driver control programs, the Department regulates drivers who become safety risks by imposing appropriate driving privilege sanctions, e.g., license restriction, revocation or suspension. The Governor's Budget proposes \$60.1 million and 1,254 personnel years for DMV's public safety activities in 1990–91.

To protect the public, DMV has expanded its "pull-notice" program to include employers of all commercial vehicle drivers. Under the program, DMV provides the employer with the driving record of the employee and subsequent updates to that record as changes occur during the term of employment. DMV also has implemented sweeping changes in the methods used to test and license commercial vehicle drivers (primarily drivers of trucks,

buses and semi-trailers). DMV has been a leader in the development of more stringent testing and licensing procedures as well as the initiation of automated systems designed to establish unique personal identification.

California also is in the forefront among states in combatting driving under the influence (DUI) of alcohol and drugs. Under recent legislation signed by the Governor, California's blood-alcohol concentration limit for drivers was reduced from 0.10 to 0.08, effective January 1, 1990. In addition, effective January 1, 1992, the blood-alcohol concentration limit for commercial vehicle drivers will be further reduced to 0.04. Separate legislation, which becomes effective July 1, 1990, establishes an "administrative per se" process under which a peace officer is authorized to immediately serve a notice of driver's license suspension or revocation on a person arrested for driving-under-the-influence of alcohol or drugs, to take possession of that person's driver's license for forwarding to DMV and to issue a temporary operating permit. The suspension or revocation will not become effective for 45 days, during which time the driver may request an administrative hearing. The statute also authorizes DMV to suspend that person's driving privilege for 6 months for a first DUI violation, for 1 year for a subsequent violation within 7 years, and for 2 years for repeated violations. The Governor's Budget proposes \$4.3 million and 124 personnel years for DMV to implement these statutes in 1990-91.

Another area of public protection involves the development of a driver's license which uses magnetic stripe technology similar to that used for credit cards. The use of this technology, to be initiated in the current year, will not only improve processing efficiency and reduce public waiting time, but also guard against counterfeiting and the unsafe and fraudulent use of drivers' licenses and identification cards issued by DMV.

Under a recent statute, the release of personal information from DMV's driver's license and vehicle registration records will be restricted to protect the public's privacy. Home address information will be kept confidential, with a few specified exceptions, and release of information may be delayed for up to 10 days while the subject of the requested information is notified. The Governor's Budget proposes \$343,000 and 11 personnel years for DMV to implement these statutes in 1990-91.

Workload. To enable the Department to maintain its level of service in meeting increasing public demands brought on by expected increases in workload measures, i.e., licensed drivers and registered vehicles, the Governor's Budget proposes an increase of \$18.6 million and 444 personnel years in 1990-91. This augmentation will allow DMV to relocate five field offices, add one new office, and address expected workload growth in 1990-91.

Motor Vehicle Account Revenue. The 1990-91 Governor's Budget is predicated on legislative and administrative action to produce additional Motor Vehicle Account revenue of \$12 million in 1989-90 and \$68.6 million in 1990-91. This revenue increase is the result of (1) continuing the \$1 surcharge on motor vehicle registration fees that is due to sunset on January 1, 1991; (2) increasing dealer license renewal fees to \$85 per year, beginning July 1, 1990; (3) increasing salesperson license renewal fees to \$50 per year, beginning July 1, 1990; (4) increasing the administrative fee for processing electronic requests for data to \$2 per record, beginning February 1, 1990; and (5) eliminating the possibility of retroactive applications for Certificates of Non-Operation, beginning July 1, 1990. In addition, DMV will propose a \$10 certificate filing fee for Certificates of Non-Operation.

The \$1 surcharge on vehicle registration fees was initiated in 1981 to support an increase in the field

*"California
also is in the
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alcohol and
drugs. Under
recent
legislation
signed by the
Governor,
California's
blood-alcohol
concentration
limit for
drivers was
reduced from
0.10 to 0.08,
effective
January 1,
1990."*

strength of the California Highway Patrol (CHP). The Governor's Budget is proposing to continue using this revenue to support the CHP during 1990-91 and subsequent fiscal years.

The increases to the fees for dealer and salesperson license renewals are being proposed to maintain a reasonable relationship between the fees and DMV's processing costs. Currently, DMV's costs of processing dealer and salesperson license renewal documents are \$85 and \$195, respectively, whereas the fees are only \$15 for each type of transaction.

The proposed increase in the fee for processing electronic requests for data is designed both to maintain a reasonable relationship between the fee and DMV's costs and to maintain consistency between the fee charged by California and that charged by other states. A survey of 25 states by DMV indicated that 23 of the 25 states charged a fee of \$2 or more.

The change in the Certificate of Non-Operation (CNO) process is designed to eliminate a loophole in existing law whereby persons delinquent in their payments are able to have their fees and penalties waived by completing a certification which cannot be verified or enforced. This change is designed to reduce abuses of the CNO process by persons who are driving their vehicles but failing to register them.

Housing

Although the state's housing needs are addressed primarily by the private sector, the Governor's Budget provides a substantial amount of funding to address the housing needs of low- and moderate-income families. The departments with the responsibility for this activity are the Department of Housing and Community Development and the California Housing Finance Agency.

Department of Housing and Community Development

The Department of Housing and Community Development (HCD) offers a variety of programs and services designed to help provide safe and affordable housing for all Californians and to promote economic development of small communities. The Governor's Budget proposes \$375 million and 660 personnel years for the Department's programs and services in 1990-91. The following are highlights of HCD's accomplishments and activities:

Health and Safety. HCD's Codes and Standards Program is responsible for the protection of the public's health, safety and general welfare related to residential and manufactured housing, mobilehomes, coaches and recreational vehicles. In addition, the program includes the administration and enforcement of occupational licensing requirements for manufacturers, salespersons, dealers, and distributors of mobilehomes, manufactured homes, and commercial coaches. In carrying out its responsibilities, the Department issued 5,000 occupational licenses and conducted more than 11,000 inspections of manufactured homes, mobilehomes, commercial coaches and recreational vehicles in 1988-89.

HCD also has responsibility for the Mobilehome Ombudsman Program, which was created in January 1987. This program was designed to resolve complaints and disputes from mobilehome park residents and park owners and operators. With 6,000 mobilehome parks throughout the state, the program received and processed more than 28,000 telephone complaints and more than 1,700 written complaints during 1988-89.

Housing. Through twelve housing finance programs, the Department provides technical assistance and financial assistance, in the form of grants and loans, to project sponsors that construct and rehabilitate

housing; mortgage subsidies enabling low-income families to obtain housing; loans enabling residents to acquire ownership of mobilehome parks; financing of the construction of rental housing; and loans to special needs populations, including the disabled, the elderly, and low-income households.

Annually California is home to a large number of seasonal and migrant workers and their families. Housing for the workers is limited and frequently uninhabitable. In order to enhance opportunities for safe and affordable housing, the Department, in conjunction with the U.S. Department of Agriculture, has spent more than \$12 million since 1982 for the construction of housing units for farmworkers. In addition, the Department has provided more than \$34 million since 1982 to operate and rehabilitate state-owned agricultural housing centers. There are 26 migrant housing centers with more than 2,100 units, housing more than 12,500 farmworkers and their families. Currently, there are 5 additional projects in the planning stage. The most recent projects, the Harney Lane Center located in San Joaquin County and the Arvin Center located in Kern County, provide an additional 97 units and 30 units, respectively, for farmworkers and their families. Most of the centers now being constructed contain a childcare center and an office-shop complex.

In 1990-91, the Governor's Budget proposes an augmentation of \$500,000 for the increased operating costs and rehabilitation costs of the migrant centers. In total, the Budget proposes spending \$5.7 million for this purpose in 1990-91.

The Governor's Budget also proposes an augmentation of \$1 million in 1990-91 to assist farmworkers in paying their rent, or in acquiring or rehabilitating their own homes.

Housing for the homeless is a nationwide problem. California's Emergency Shelter Program provides direct grants to local governments and nonprofit corporations that shelter needy persons and fam-

ilies on an emergency basis. Since the first year of the program in 1983, the Department has made 450 awards, totaling more than \$32 million. For 1989, the Department anticipates awarding more than \$10 million to more than 100 local agencies. In addition, \$15 million of funds from the 1988 Housing and Homeless Bond Act will be allocated for this program in 1990-91.

The Governor's Budget proposes an augmentation of \$1.5 million for the Emergency Shelter Program in 1990-91 to assist local agencies in paying for emergency shelter operating expenses. In addition, the 1990-91 Budget proposes to maintain the \$630,000 level of expenditure to operate the Temporary Emergency Shelter Program, which provides overnight shelter for homeless persons in California's National Guard Armories throughout the state.

Community Development. HCD administers ten community development programs that provide technical and financial assistance to rural and urban communities and Indian tribes. For 1990-91, the Governor's Budget proposes more than \$63.8 million for these programs. Since 1982-83, the Department has allocated nearly \$181 million through 485 community development block grant awards to about 150 local communities for housing rehabilitation, public facilities projects and economic development activities.

1989 Earthquake Funding. On October 17, 1989, the Northern California Bay Area experienced a major earthquake which resulted in loss of life and the loss or destruction of many homes and businesses. The Governor and the Legislature took immediate action to pass legislation to assist individuals and families who were without a place to live as a result of the earthquake. A total of \$74 million was appropriated to HCD for this purpose.

One of the bills did the following:

- Appropriated \$32 million from the Special Fund for Economic Uncertainties for rehabilitation of

rental housing that was damaged as a result of the earthquake.

- Appropriated \$1.5 million for rehabilitation of farmworker housing.
- Provided for forgiveness of all or part of loans made to nonprofit agencies that maintain rents at affordable levels for at least ten years.

The other bill did the following:

- Appropriated \$32 million from the Special Reserve for Economic Uncertainties for rehabilitation of owner-occupied housing that was damaged or destroyed by the earthquake.
- Appropriated \$5 million for emergency housing assistance.
- Appropriated \$2 million for rural and urban redevelopment loans.
- Appropriated \$1 million for operation of migrant centers needed to provide shelter following the earthquake.
- Appropriated \$500,000 for the purpose of providing assistance in paying residential security deposits.

Additional positions will be administratively established in the current year to allow HCD to meet the needs of earthquake victims. Additional staff needed for the budget year will be requested through a Department of Finance Letter.

For 1990-91, the Governor's Budget proposes \$15 million, from the proceeds from the sale of surplus property at Agnews State Hospital in Santa Clara County, to provide housing for low-income persons and families in areas affected by the October 17, 1989 Loma Prieta earthquake. Due to the earthquake, the availability of affordable housing in this part of the state was significantly reduced. The \$15 million is estimated to provide 250 additional housing units in the area damaged by the earthquake.

California Housing Finance Agency

The California Housing Finance Agency (CHFA) helps to make

“The Governor is proposing a multi-year \$2 billion housing program to help put home ownership back within reach of the average family.”

housing for low- and moderate-income families more affordable by selling tax-exempt bonds and using the proceeds to finance housing at below-market rates. Between fiscal years 1982-83 and 1988-89, the

CHFA made loans of more than \$2.2 billion and was responsible for more than 32,000 housing units being made available to low- and moderate-income households.

CHFA projects that it will make additional loans totaling \$600 million, resulting in 7,500 additional housing units being available during 1989-90.

Natural Resources

From our famous beaches, to our scenic forests and our mighty mountains, California is an outdoor paradise. Because California contains some of America's most important natural treasures, we have made great efforts to protect these unique resources.

Governor George Deukmejian
June 1989

In order to preserve the quality of life in California, the Administration recognizes the importance of our air, water, land, wildlife and recreational resources. The Resources Agency is responsible for carrying out the goals of the Administration relating to the preservation and enhancement of our rich and diverse natural resources. The Governor's Budget proposes total expenditures of \$1.9 billion for the Agency's state operations and local assistance programs as summarized in Figure 10-A.

The major programs within the Resources Agency are described below.

Department of Parks and Recreation

The Department of Parks and Recreation is responsible for acquiring, preserving, developing and managing the natural, cultural and recreational resources in the State Park System and the State Vehicular Recreational Area and Trail System.

The State Park System consists of 275 individual units, including 39 units administered by local and

regional park agencies. These park units contain approximately 1.4 million acres, 290 miles of ocean and bay frontage and 686 miles of lake, reservoir and river frontage. Over 78 million visitor-days are expected in 1990-91.

The State Vehicular Recreation Area and Trail System includes 52,500 acres in seven units. Over 1.4 million visitor-days are expected at these seven units in 1990-91.

The 1990-91 Governor's Budget proposes an expenditure level of \$468.6 million which includes \$167.1 million and 2,914 personnel years for

support of state operations, \$163.8 million (\$121.1 million carryovers from previous fiscal years, \$42.7 million proposed in the 1990-91 budget) for local assistance grants and \$137.7 million (\$112.6 million carryovers from previous fiscal years, \$25.1 million proposed in the 1990-91 budget) in capital outlay projects.

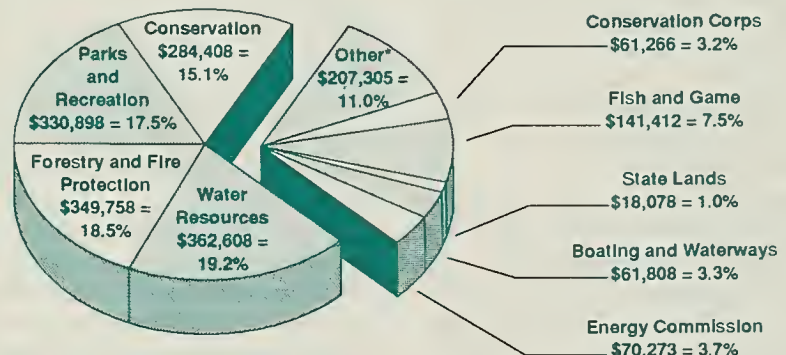
For 1990-91, the following significant program changes are proposed:

- \$479,000 and 7 personnel years for the operation and maintenance of new developments in the

Figure 10-A

Natural Resources Proposed 1990-91 Expenditures All Funds

(Dollars in Thousands)



*Other includes: Agency Secretary, Coastal Commission, Coastal Conservancy, Colorado River Board, Santa Monica Mountains Conservancy, S.F. Bay Conservation and Development Commission, Seismic Safety Commission, Special Resources, Tahoe Conservancy, Wildlife Conservation Board, Mandated costs and General Obligation Bonds.

state park system that will be completed and open for public use by 1990–91.

- \$85,000 and 2 personnel years for the operation and maintenance of new developments in the State Vehicular Recreational Area and Trail System that will be completed and open for public use by 1990–91.
- \$673,000 and 10 personnel years to expand public access at various state park units.
- \$560,000 and 17 personnel years to operate evening tours at Hearst Castle.
- \$500,000 and 1 personnel years to enhance Off-Highway Motor Vehicle Recreation Program resource maintenance.
- \$1.79 million to meet increasing worker compensation costs.
- \$387,000 and 6 personnel years to continue to address the backlog of General Plans.
- \$42.7 million for local assistance grants, including \$11.5 million for Off-Highway Motor Vehicle parks from the OHV Fund and \$28.7 million for per capita based grants to local recreation providers from the 1988 Bond Fund (Proposition 70).
- \$20.7 million for 24 capital outlay projects, including 14 new development projects, 7 continuation projects and three acquisition projects. These projects are proposed for funding from a variety of General Obligation bond fund sources (\$18 million), the OHV Fund (\$1.6 million), the State Parks and Recreation Fund (\$721,000), and the Federal Trust Fund (\$300,000).

Proposition 99. Along with the significant changes listed above for 1990–91, the following are proposed for appropriation from the Public Resources Account of the Cigarette and Tobacco Products Surtax Fund established through the passage of Proposition 99:

- \$1 million and 16 personnel years to establish new lifeguard and

aquatic safety programs at park units in the Russian River, Pajaro Coast, Monterey and Santa Monica Mountains districts.

- \$2.4 million for one-time costs, including earthquake damage repair (\$1.3 million) and equipment and startup costs for other new park programs and facilities (\$1.1 million).
- \$5.5 million for transfer to the Communities Parkland Bond Fund of 1986 to meet the loan interest obligation required by statute, without withdrawing or denying local community park grants already allocated.
- \$4.5 million for minor capital outlay projects in state park units (\$3.5 million) and for purchase of additional parkland for Donner Memorial Park (\$975,000).

Department of Water Resources

The role of the Department of Water Resources (DWR) is to protect, conserve, develop and manage California's water. The Department is responsible for supplying water for personal use, irrigation, industry, recreation, power generation, and fish and wildlife. The primary means of accomplishing this is through the California State Water Project. The Department also encourages flood plain management; assures public safety by managing, maintaining, and operating flood control facilities under its jurisdiction; and provides flood warning information as flood threats develop. Protecting public safety by supervising the construction, maintenance and operation of more than 1,000 dams under state jurisdiction is also a function of the Department.

The Governor's Budget for 1990–91 proposes \$362.6 million and 2,666 personnel years for state operations and local assistance. This represents an increase of 115.7 percent over the 1982–83 level of \$168.1 million.

Environmental Water Act of 1989.

In 1989, the Governor signed

legislation enacting the Environmental Water Act which authorizes the Department to expend monies from the Environmental Water Fund for water resources projects and programs that will contribute significant environmental benefits.

The act created the Environmental Water Program which authorizes the City of Los Angeles to submit grant applications to the Department for projects to protect and preserve the Mono Lake Basin, and requires the Department, as a first priority, to expend available funds to preserve the wildlife and environment of the Mono Lake Basin. The fund is also available for other water related projects throughout the state that benefit wetlands, fisheries, and riparian habitat. The act authorizes the Department to expend \$7 million per year in the 1991–92 through 1994–95 fiscal years and \$8 million per year in the 1995–96 through 1998–99 fiscal years for this program, subject to annual Budget Act appropriations.

The act also created the Water Quality Program which authorizes the Department to expend monies from the Environmental Water Fund for projects or programs of public agencies throughout the state that will reduce the amount of agricultural drainage water or improve the quality of that water. The act expresses legislative intent that the Department expend at least \$1 million per year in the 1990–91 through 1994–95 fiscal years, not to exceed \$5 million for this program.

Expenditures for the Environmental Water Act are related to the State Water Project Offset Program described below.

State Water Project Offset Program. The Governor signed legislation which authorizes a program of repayments and offsets to retire the accumulated debt obligation among the California Water Fund, the General Fund, and the State Water Project. The chapter authorizes the offset of the accrued General Fund obligation to the State Water Project for costs of recreation and wildlife enhancement against the State

Water Project's repayment obligation to the California Water Fund for costs of project construction. Currently, the General Fund owes approximately \$182 million to the State Water Project, including \$10 million for Suisun Marsh environmental mitigation, while the State Water Project owes approximately \$432 million to the General Fund. After this initial offset, the remaining debt will be retired by a repayment schedule through the 1998–99 fiscal year. Excess State Water Project revenues, according to a set of priorities outlined in the Burns/Porter Act, will be transferred to the California Water Fund for subsequent transfer and appropriation from the Environmental Water Fund, established by the chapter, in the amount of \$65 million. Additionally, excess State Water Project revenues will fund Delta levee flood protection activities as repayment of the accumulated debt at the rate of \$12 million per year through fiscal year 1997–98, and \$6 million in fiscal year 1998–99.

For 1990–91, the following significant budget adjustments are proposed:

- \$32.9 million from SAFCO in state matching funds for local assistance flood control subventions.
- \$1,305,000 for the Department's share of costs for the Trinity River Restoration Program.
- \$1,245,000 for local assistance and the Department's administrative costs for urban streams grants.
- \$750,000 and 2 personnel years to begin implementation of the Upper Sacramento River Fisheries and Riparian Habitat Management Plan.
- \$500,000 and 4 personnel years for increased monitoring and inspection of dams in the safety of dams program.
- \$7 million (Capital Outlay) for the state's share of the federal Sacramento River Bank Project (\$1.2 million), Sacramento Urban Area Levee Reconstruction (\$3.7 mil-

lion) and sediment removal at the Fremont Weir (\$2.1 million).

Proposition 99. Pursuant to a provision of the Tobacco Tax and Health Protection Act of 1988, revenues shall be allocated for programs which protect and enhance fish, waterfowl, and wildlife habitat areas, and enhance state and local park and recreational resources. For the Department of Water Resources, the Governor's Budget proposes the following:

- \$250,000 for acquisition of riparian sites which provide flood control and habitat preservation for waterfowl along the San Joaquin and Sacramento Rivers.

Department of Fish and Game

The Department of Fish and Game is mandated with the responsibility of managing California's rich diversity of fish and wildlife and wildlife habitats for the continued use and enjoyment of these natural resources for future generations. In fulfilling this responsibility, the Department manages 63 wildlife areas, 59 ecological reserves, 25 inland and anadromous fish hatcheries and, since 1983, has acquired more than 82,000 acres of wild land in order to preserve these natural resources for future generations.

Wildlife habitat is maintained for a multitude of purposes, including wildlife breeding and nesting, protection of rare and endangered species and unusual ecological communities. The Department has made a concentrated effort to restore fish and wildlife habitats to encourage and enhance commercially and recreationally important species. These restoration projects contribute to the economic health of California by increasing angling, hunting and other outdoor recreational use. Since 1983, the Department has spent approximately \$55.6 million for projects designed to remove barriers to salmon and steelhead spawning areas, enhance deer ranges and increase wetland and riparian habitats.

“In order to preserve the quality of life in California, the Administration recognizes the importance of our air, water, land, wildlife and recreational resources.”

As part of the overall plan for budget development, given the limited availability of General Fund resources, a \$3.3 million General Fund reduction has been made to the Department. However, to compensate for this reduction, and to provide the Department with additional resources, a \$4.3 million augmentation has been provided from the California Environmental License Plate Fund to enable the Department to fund high priority programs and activities. With this adjustment, the Governor's Budget for 1990-91 proposes \$141.4 million and 1,842 personnel years for support of the Department's programs. Major expenditure proposals include:

- \$3 million from the California Wildlife, Coastal, and Park Land Conservation Act of 1988 (Proposition 70) for the expansion of fish hatcheries and for the restoration and enhancement of salmon streams and fisheries habitat.
- \$566,000 and 10 personnel years to implement provisions of the California Environmental Quality Act (CEQA) and prepare fish and wildlife monitoring programs and assist local agencies prepare and implement appropriate mitigation measures.
- \$500,000 to acquire properties adjacent to the Mott Preserve which contains habitat for the endangered Stephen's Kangaroo Rat.
- \$274,000 to conduct a study in conjunction with Humboldt State University on the Spotted Owl at four different locations in California.

Proposition 99. Pursuant to a provision of the Tobacco Tax and Health Protection Act of 1988, revenues shall be allocated for programs which protect and enhance fish, waterfowl, and wildlife habitat areas, and enhance state and local park and recreational resources. For the Department of Fish and Game, the Governor's Budget proposes the following:

- \$2 million to implement the Waterfowl Habitat Preservation Pro-

gram for restoring and protecting Waterfowl Management Plan. Of this amount, \$1 million will be transferred to the California Waterfowl Preservation Account and the interest from this account will be used on waterfowl habitat preservation and enhancement activities.

- \$1.8 million and 38 personnel years to create roving crews to maintain and enhance the fish and wildlife habitat on public lands that are not adequately maintained.
- \$1.2 million and 15 personnel years to increase the level of protection and recovery activities for endangered and threatened species to prevent further species endangerment.
- \$926,000 and 14 personnel years to conduct water quality monitoring related to stream and lake pollution from timber harvest operations. An additional \$234,000 has been provided for the Department to conduct timber harvest plan reviews.
- \$760,000 and 41 personnel years to implement the Salmon, Steelhead Trout and Anadromous Fisheries restoration and enhancement program.
- \$304,000 and 2 personnel years to staff the Granite Canyon pollution control laboratory that was previously funded from reimbursements and operated by temporary help.
- \$303,000 to implement the following four projects impacting marine fisheries: establish the Logbook analysis project, conduct a study on Bay Estuary and Nearshore Ecosystems, construct an artificial reef, and implement the Kelp Reforestation project.
- \$267,000 and 5 personnel years to implement the provisions of Chapter 850, Statutes of 1988, which expresses Legislative intent to encourage cooperation with local, regional, and federal agencies to conduct fish habitat and restoration work.

- \$199,000 and 2 personnel years to develop a central coordination effort for water rights review, hydroelectric project reviews, water development and management review of the negotiations of water transfers.

Department of Forestry and Fire Protection

The California Department of Forestry and Fire Protection (CDF) fulfills the state's responsibility to provide fire protection and suppression for approximately 36 million acres of privately-owned wildlands and administers local government fire protection under contract. The Department also regulates logging practices on private forestland, provides advisory assistance to landowners on forest management, regulates controlled burning of brushlands, and manages seven state demonstration forests and three state nurseries.

The Governor's Budget for 1990-91 proposes \$349.8 million and 4,354 personnel years for state operations and local assistance programs.

Firesafe Program. The Department has continued implementation of the Firesafe Program, which takes direct action to reduce the loss of natural resources and homes threatened by wildfire. Since the 1960's, when more people began to move to rural California the problem of homes intermixed with highly flammable wildland has increasingly dictated wildland fire control strategies. The Firesafe Program addresses this problem through a comprehensive program of outreach, education, and regulation. The Department's mass media program developed a partnership with private industry in presenting prevention and intervention messages to the public. Additional outreach and educational programs have developed partnerships among professionals and fire agencies that will promote prudent home and subdivision design with built-in wildland fire protection.

As part of the Governor's Budget, legislation will be introduced which will impose a modest fee to the owners of structures on State Responsibility Areas in order to help defray the increased cost of fire protection in those areas. It is estimated that this fee will generate \$11 million in 1990-91.

Soquel Demonstration State Forest. On July 1, 1990, staffing will be in place on the Soquel Demonstration State Forest—the first new state forest since 1949. The 2,900 acre parcel, located just north of the town of Soquel in Santa Cruz County, will be managed by the Department for multiple-use purposes which will include selective harvesting along with recreation and conservation education activities.

The Soquel property was one of several important parcels acquired as part of a negotiated settlement with the Bank of America in 1988. This forest is unique in that it is within a one-hour drive for over 3 million people and will serve as an important outdoor classroom showing that timber harvesting and recreation can be compatible.

Facilities Renovation Program. The long-term capital needs for reliable communications systems, strategic fire fighting equipment, restoration of existing facilities and the development of new facilities for the prevention and control of forest and wildland fires currently exceeds the discretionary resources to meet this demand. To support these capital requirements, the Administration is proposing the initiation of a revenue bond program. Legislation will be proposed to provide the necessary legal authority for the sale of bonds for these purposes by the State Public Works Board. Proceeds from this alternative funding mechanism will provide for a multi-year program designed to ensure the Department's capabilities of meeting annual forest and wildland fire threats.

Initial allocation of these funds include:

- \$5.4 million for replacement and expansion of emergency communications equipment
- \$10.5 million to begin replacement of the air tanker fleet.
- \$4.9 million for acquisition, planning or construction of nine major capital outlay projects

From the traditional funding source of SAFCO, the Administration is proposing \$1.2 million for 9 minor capital outlay projects and acquisition planning funds. The projects will reduce the fire and life safety risks to Department personnel and correct the functional obsolescence of many CDF facilities. In addition, the projects will help the Department enhance its fire fighting mission which helps to reduce the destruction of property, fish and wildlife habitat.

For 1990-91, the following significant budget changes are also proposed:

- \$3,987,000 for contract county fire protection and emergency services agreements.
- \$2,635,000 and 37 personnel years for expansion of the conservation camp program.
- \$2,117,000 and 2 personnel years for critical telecommunications program needs.
- \$1,699,000 for increased unemployment insurance costs related to additional seasonal firefighters over the last two years.
- \$783,000 and 9 personnel years to ensure full compliance with the Forest Practice Act and the California Environmental Quality Act relating to timber harvest plans.
- \$664,000 and 7 personnel years to assess the effects of forestland management on wildlife habitat.
- \$443,000 and 4 personnel years to rehabilitate recreational facilities in the Demonstration State Forest.
- \$184,000 to review the impact of the California Forest Improvement Program on rare and endangered species.

“In 1989, the Governor signed legislation enacting the Environmental Water Act . . . for water resources projects and programs that will contribute significant environmental benefits.”

In addition, from Proposition 99 funds, the Governor's Budget proposes the following:

- \$783,000 and 9 personnel years to ensure full compliance with the Forest Practice Act and the California Environmental Quality Act relating to timber harvest plans.
- \$664,000 and 7 personnel years to assess the effects of forestland management on wildlife habitat.

Wildlife Conservation Board

The Wildlife Conservation Board was created by the Legislature in 1947. The Board's primary responsibilities include acquiring property for the purpose of protecting and preserving wildlife while providing fishing, hunting and recreational access to the people of California.

The Governor's Budget for 1990-91 proposes \$913,000 and 14 personnel years for support of the Board's program.

Propositions 70 and 99. To further the mission of the Board, the 1990-91 Governor's Budget provides the Board with proceeds from the Tobacco Tax and Health Protection Act of 1988, (Proposition 99) and the California Wildlife, Coastal and Park Land Conservation Act of 1988, (Proposition 70). Specifically, \$20.2 million has been proposed for the following:

- \$9.2 million for the acquisition, enhancement, restoration, or the development of wildlife and waterfowl habitat, public access to coastal fishing piers, and minor projects. A total of \$7.7 million will be funded from Proposition 70 and \$1.5 million will be funded from Proposition 99.
- \$11 million for the acquisition, enhancement, restoration, or development of wetlands, riparian lands, and wildlife habitat which was directly appropriated from Proposition 70.

California Tahoe Conservancy

The California Tahoe Conservancy is responsible for the acquisition, preservation and management of lands in the Lake Tahoe region for purposes of protecting the natural environment, providing public access and recreational facilities and preserving wildlife habitat areas.

The Governor's Budget for 1990-91 proposes \$2.7 million and 22 personnel years for state operations. In addition to the funds reflected in Figure 10-A, \$5 million is proposed from the Conservancy's bond fund for continued purchases of environmentally sensitive lands in the Lake Tahoe Basin. The Conservancy estimates that there are 15,000 undeveloped parcels on the California side of the Lake Tahoe Basin. Of this total, 6,000 to 7,000 are currently classified as environmentally sensitive. To date, the Conservancy has acquired over 3,400 parcels. The Conservancy estimates that it may acquire up to 4,300 environmentally sensitive parcels by the end of 1990-91.

An additional \$1.5 million from the Public Resources Account in the Cigarette and Tobacco Products Surtax Fund is proposed for 1990-91. \$1 million of these funds will be used for restoration of fish, waterfowl, and wildlife habitat and \$500,000 for the enhancement of recreational access to Lake Tahoe.

Soil Erosion Control. Although the current principal focus of the Conservancy is the acquisition of environmentally sensitive land, soil erosion has also been identified as a major environmental concern in the Tahoe Basin. Soil erosion control is required to mitigate the effects of past development activities by reducing the discharge of sediment into the waters of Lake Tahoe and surrounding areas. The Conservancy budget for 1990-91 includes \$1 million in Environmental License Plate funds for additional erosion control grants in the Lake Tahoe region. This amount will be awarded

to various public agencies. In addition, the Conservancy's 1990-91 budget includes \$1 million from the Outer Continental Shelf Land Act, Section 8(g) Revenue Fund, for the implementation of projects to restore large degraded areas, including stream environment zones to natural conditions.

Department of Conservation

The Department of Conservation encourages the proper management of the state's land, energy, and mineral resources. Additionally, the Department investigates and disseminates information related to natural hazards such as earthquakes and landslides. The Department's services and information are used in making land use decisions, as well as decisions regarding facility sitings, the regulation of energy resources and the protection of the state's agricultural lands and open space resources. In addition, the Department implements the California Beverage Container Recycling and Litter Reduction Act of 1986 which requires certification of recycling centers, awarding of grants and contracts for litter abatement and related activities; monitoring the payment and reporting system for collection and disbursement of the container redemption payment and refunds; and enforcement and auditing of program participants. The Governor's Budget for 1990-1991 proposes a total funding level of \$284.4 million and 529 personnel years.

Loma Prieta Earthquake Assistance. The Department's Division of Mines and Geology responded to the October 17, 1989 Loma Prieta Earthquake with information, expert consultation and technical advice to local governments which suffered damage from this 7.1 magnitude earthquake. The Division's Earthquake Scenarios for the Hayward and San Andreas Faults were used by state and local agencies in their earthquake emergency response planning exercises, enabling these agencies to better respond to this

major earthquake. The Strong Motion Instrumentation Program (SMIP) collected and analyzed regional recordings of earthquake motion and disseminated the results to local building officials and the engineering community for use in analyzing the safety of structures damaged by the earthquake. SMIP staff also provided earthquake engineering information to the Governor's special commission established to investigate the collapse of the I-880 Cypress Viaduct. Division geologists also assisted Bay Area counties by assessing landslides and related damage, delineating areas where structures could safely be repaired and reoccupied, and identifying areas where landslide hazards were severe enough to require site-specific analysis and temporary evacuation.

Recycling and Litter Abatement.

As a result of the Department's efforts in establishing and implementing the Beverage Act (Public Resources Codes 14500 et seq.), recycling of beverage containers in California has steadily increased. The overall beverage container redemption rate has increased from 44 percent in 1987 to 62 percent in 1989. The refund value paid to consumers has increased from 1 cent to 2.5 cents per container, and recycling is expected to grow. Actual expenditures since the inception of the program which encourages recycling include: 1) \$7.5 million to local community conservation corps for litter abatement and recycling activities and nonprofit groups for education information and promotion; 2) \$0.9 million to local certified recyclers for advertising and promotion; and 3) \$16.8 million in convenience incentive payments to certified recycling centers which ensure recycling opportunities for consumers.

Williamson Act Subventions.

Under the Williamson Act, the state provides reimbursements to cities, counties and school districts to partially defray the loss of property tax revenues related to contractual agreements to preserve the agricul-

tural status of lands. The subvention amount is determined by the land under contract: urban prime, other prime and nonprime. Legislation appropriated \$5,000,000 from the General Fund to counties in proportion to the existing subvention during 1989-90.

- The 1990-91 Governor's Budget proposes an extension of this \$5 million General Fund augmentation in subvention grants. The total subvention payments under the Williamson Act will be approximately \$19.6 million in 1990-91.

For 1990-91, the following significant budget changes are also proposed:

- \$2,770,000 augmentation and 35 personnel years from the California Beverage Container Recycling Fund to enhance the program in the areas of enforcement, economic analysis, education, and certification. This enhancement is based on workload increases and chaptered legislation.
- \$191,000 augmentation and 3 personnel years from reimbursements to permanently continue geotechnical reviews of hospital site reports in the Division of Mines and Geology for the Office of the State Architect.
- \$129,000 and 3 personnel years in the Division of Oil and Gas to implement the above-ground storage tank monitoring program. This law requires the Department to monitor oil production tanks and facilities to detect any releases from such tanks and facilities that may threaten water resources, the environment and the public.

Department of Boating and Waterways

The program objectives and responsibilities of the Department of Boating and Waterways are to develop and improve boating facilities throughout the state, to promote safety of persons and property connected with the operation of vessels on state water, and to conduct a beach erosion program in conjunc-

“As a result of the Department's efforts in establishing and implementing the Beverage Act . . . recycling of beverage containers in California has steadily increased.”

tion with the federal and local governments. Specifically, the Department provides funding for construction of boating facilities for the state park system and State Water Project reservoirs, makes loans to public and private marinas, makes grants to local agencies to finance beach erosion projects, boat launching facilities, boating safety, and law enforcement, conducts a boating education program, licenses yacht and ship brokers and for-hire vessel operators, and serves as the lead state agency in controlling water hyacinth in the Sacramento-San Joaquin Delta and the Suisun Marsh.

The Governor's Budget for 1990-91 proposes \$61.8 million and 58 personnel years for state operations and local assistance programs.

Proposed expenditures for 1990-91 include the following:

- \$18,300,000 from the Harbors and Watercraft Revolving Fund for local assistance for small craft harbors loans to local governments.
- \$8,000,000 from the Harbors and Watercraft Revolving Fund for local assistance for private marina loans.
- \$5,869,000 from the Harbors and Watercraft Revolving Fund for local assistance launching facility grants.
- \$5,706,000 (\$1 million from the Public Resources Account, Cigarette and Tobacco Products Sur-tax Fund and \$4.7 million from the Outer Continental Shelf Land Act, 8(g) Revenue Fund for local assistance grants for beach ero-

sion control projects in San Francisco, Santa Cruz, San Luis Obispo, and San Diego Counties.

- \$80,000 to conduct a study, in conjunction with the University of Southern California, of offshore sand and gravel resources in Santa Barbara and Ventura Counties.

California Conservation Corps

The California Conservation Corps (CCC) carries out a dual mission: the conservation and development of the state's natural resources and the employment of California's young men and women in a work ethic and training program. In matching up youth and the environment, the CCC provides substantial benefits to both.

In 1990-91, the Governor's Budget proposes \$61.3 million and 450 personnel years. Budget adjustments for 1990-91 include:

- \$3.7 million (\$1.93 million from the General Fund and \$1.75 million in Reimbursements) and \$275,000 in redirected funds to increase the corpsmember population by 175 corpsmembers. Included in the proposal is \$208,000 for local corps programs.
- \$400,000 in reimbursements to provide for one crew dedicated to performing enhancement and restoration of anadromous fisheries habitat in northern and central California.

State Lands Commission

The State Lands Commission is responsible for the management

and supervision of all statutory lands which the state received from the federal government. These lands include all navigable rivers, lakes and streams, tidelands, swamp and overflow lands and school lands. Rents and royalties are collected from surface uses, extraction of oil, gas, minerals, and geothermal steam resources and timber sales. These revenues are estimated to total \$132.8 million for the 1990-91 fiscal year.

The Governor's Budget for 1990-91 provides an expenditure level of \$18.1 million and 241 personnel years for the Commission. Budget adjustments for 1990-91 include:

- \$102,000 and 2 personnel years for an Environmental Quality Assurance Program for monitoring mitigation of environmental measures adopted by the Commission when it approves projects.
- \$592,000 for first phase acquisition of the Petroleum Engineering and Analysis Computer System to enhance revenue recovery from existing extractive leases.
- \$360,000 for studies in the Geysers Geothermal Area to determine means of resolving steam pressure decline and corrosion problems and leasing of additional parcels to assure continued revenue flow from this resource.
- \$150,000 for a third party appraiser to determine the valuation of marine terminal leases on statelands and increase annual rental revenues.

General Government

Our challenge is to continue with a common sense, efficient government, while providing the increased services that will be needed for our growing population.

Governor George Deukmejian
June 1989

State and Consumer Services Agency

The State and Consumer Services Agency is comprised of departments which provide a variety of programs which directly serve the general public, businesses and industries, and public, state and local government employees. These agencies include the California Museum of Science and Industry, the Department of Consumer Affairs, the Department of Fair Employment and Housing, the Fair Employment and Housing Commission, Franchise Tax Board, the Office of the State Fire Marshal, the Department of General Services, the State Personnel Board, the Public Employees Retirement System, the State Teachers Retirement System (discussed in the Education Chapter) and the Department of Veterans Affairs.

The 1990-91 Governor's Budget proposes \$1,093.6 million and 13,848 personnel years for support operations and local assistance for programs within the Agency. This represents a \$68.1 million or 6.6 percent increase from the revised 1989-90 funding level. Figure 11-A reflects the proposed expenditures.

Department of Consumer Affairs

The Department of Consumer Affairs is responsible for advocating, promoting and implementing consumer protection efforts, licensing and regulating businesses and professions that provide consumer services, and for representing and educating the public in consumer rights and complaint mediation. The Department accomplishes this effort through its own direct support staff and through forty licensing and regulatory agencies. The 1990-91 Governor's Bud-

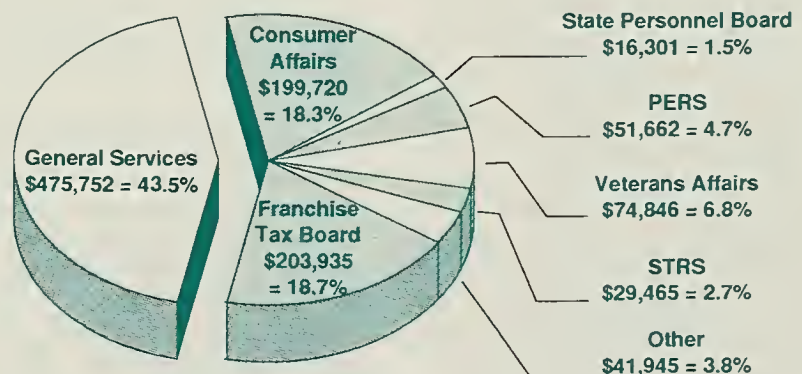
get proposes \$199.7 million and 2,151 personnel years for the Department of Consumer Affairs, including the following major budget adjustments:

Contractor's State License Board. The Contractor's State License Board budget includes augmentations totalling \$2.0 million and 28 personnel years. Augmentations totalling \$0.8 million and 13 personnel years are proposed because of increased workload and pilot projects that were established through legislation. In addition, \$1.2

Figure 11-A

State and Consumer Services Proposed 1990-91 Expenditures* All Funds

(Dollars in Thousands)



*Includes state support and local assistance expenditures only and excludes Cal-Vet Loans and retirement system benefit payments. The state's contribution to the State Teachers' Retirement System is discussed in the Education Section of this summary.

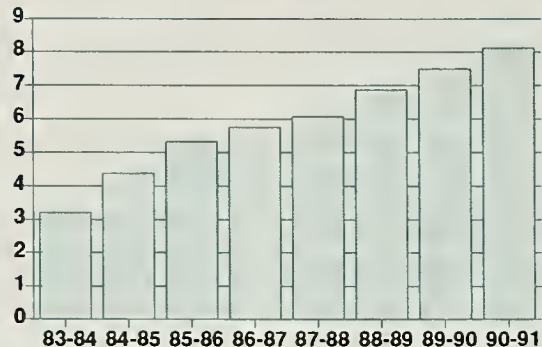
million is proposed to allow the Board to relocate its central headquarters' unit and various selected district offices to new facilities to better meet the needs of both the Board and the consumers that it serves. Additionally, approximately \$2.3 million and 15 personnel years are continued in 1990-91 to complete the Contractors Automated Systems Project which includes automation of the licensing, examination, application, enforcement and telephone systems. The implementation of these automated systems will greatly facilitate and enhance the Board's ability to achieve its primary goal of consumer protection. Enforcement staffing which was added in 1989-90 is expected to eliminate the backlog in investigations by early in 1990-91. This enhanced staffing level is retained in the 1990-91 Budget.

Even with these significant augmentations, the Contractors' License Fund has sufficient reserves to permit a transfer of \$20 million to the General Fund, as part of the overall General Fund budget strategy, and still end fiscal year 1990-91 with approximately a three month reserve. This level of reserve is considered a prudent amount for an agency of this size.

Bureau of Automotive Repair.

The Bureau of Automotive Repair, Biennial Vehicle Smog Inspection Program is proposed to increase by \$3.0 million and 22 personnel years in 1989-90 and \$5.8 million and 51 personnel years in 1990-91. The Bureau will use these resources to open six new offices by 1990-91 to expand implementation of the Smog Check Program. In addition, this budget includes an augmentation in 1990-91 of \$6.1 million to provide full year funding for quality assurance, referee and public awareness services. Also included in this budget is a proposal to create job opportunities for California Youth Authority wards through an interagency agreement with the California Youth Authority to provide parts exemption services for the Bureau.

Figure 11-B
Vehicles Tested by the
Biennial Smog Check Program
(Data in Millions)



Continued aggressive and successful implementation of the Smog Check Program (presently operating in 26 counties) by the Bureau of Automotive Repair has resulted in a 17 percent reduction of hydrocarbon and carbon monoxide emissions from California's motor vehicles in the participating counties. This program is seen nationally as being the most effective in existence, and as being attractive to local governments which have voluntarily adopted the program. Figure 11-B reflects the growth in the number of vehicles tested in this program since 1983-84.

Office of the State Fire Marshal

The primary responsibility of the State Fire Marshal is the protection of life and property from fire. The Department inspects state buildings, construction projects, pipelines and local jails. In addition, the Office of the State Fire Marshal provides training to fire departments in California, specifically relating to arson and bomb investigation and pipeline emergencies. The Office of the State Fire Marshal is also the liaison to the California film industry for special effects fire and safety procedures.

In a continuing effort to avoid accidents similar to the San Bernardino pipeline incident, an increase of \$285,000 and 3 personnel years is proposed in the Pipeline Division in 1990-91. The Division will use these resources to monitor pipeline construction, inspect intrastate pipelines and operator's maintenance records, and investigate pipeline incidents.

Franchise Tax Board

The Franchise Tax Board is responsible for administering the state Personal Income Tax, Bank and Corporation Tax, and various other tax programs mandated by law or the Administration. These programs account for over 55 percent of total General Fund revenues. The principal objective is to collect these revenues for the state in an effective, efficient, and equitable manner.

The Governor's Budget proposes expenditures of \$203.9 million and 4,064 personnel years for the Department.

Budget adjustments for 1990-91 include:

- \$5.4 million and 158 personnel years for workload increases associated with processing tax

returns and related documents and providing services to taxpayers.

- \$3.7 million and 87 personnel years to maintain audit and collection programs which ensure equity for taxpayers, encourage accurate self-assessment and ensure compliance with reporting requirements. These resources will generate an additional \$25 million in revenues in 1990–91.
- \$372,000 to increase efficiencies in the Information Center and expand the level of services for collections and filing enforcement calls from 65.5 percent to 85 percent of calls attempted. The expanded service will help the department resolve delinquent accounts in a more timely manner and will result in a reduction of 5 personnel years. This project will accelerate approximately \$64 million of tax revenue into the 1990–91 fiscal year.

Department of General Services

The Department of General Services is responsible for providing centralized support services to other state departments to improve efficiency and effectiveness, establish state-wide policies and procedures and to provide specialized services that are not practical for individual departments to undertake. The Governor's Budget proposes \$475.8 million and 4,426 personnel years to support the Department's programs. The following information reflects the major adjustments for 1990–91:

Ronald Reagan State Office Building. The Department of General Services plans to open the Ronald Reagan State Office Building in Los Angeles in November of 1990. This project was initiated in 1982 through a joint powers agreement with the California Redevelopment Agency. This building, with 850,000 gross square feet of available office space as well as retail space and on-site child care, will be the largest state owned office building in California. An augmentation of \$2.6 mil-

lion and 59 positions is proposed to operate and maintain the building.

Office of Telecommunications.

The Office of Telecommunications is responsible for providing support to other state departments for all their communication needs. The Office is also responsible for administering the 911 Emergency Telephone Number Program and for maintaining and improving the Automatic Telephone Switching System (ATSS).

In 1989–90, the Office of Telecommunications was budgeted to replace the currently leased telephone lines inside the ATSS network through a competitive bid process. For 1990–91, an augmentation of \$1.8 million and 2 personnel years is proposed to begin a seven year plan to replace 70,000 telephone lines outside the ATSS network with state leased lines at an estimated savings to the state of over \$2 million per year by 1996–97.

Office of Real Estate Services.

The Office of Real Estate and Design Services is responsible for real estate services, property acquisition and space management.

In 1990–91, an augmentation of \$1.2 million and 4 personnel years is proposed for the Office which will work jointly with the Governor's Office of Planning and Research to implement a Proactive Assets Management Program. During the 1989–90 fiscal year, the Department will complete an inventory of all of the state's real property. This inventory information will be used to assess the value and optimum use of those properties and to select the most promising sites for development.

Funding will be provided from the Property Acquisition Law Money Account and the program will become self-supporting as underutilized properties are developed or sold. The result will be additional revenues to the state and an even stronger financial picture as the value of the state's assets is more clearly identified.

State Building Construction. In past years, the traditional funding source for state office building con-

“Continued aggressive and successful implementation of the Smog Check Program . . . by the Bureau of Automotive Repair has resulted in a 17 percent reduction of hydrocarbon and carbon monoxide emissions from California’s motor vehicles in the participating counties.”

struction has been the Special Account for Capital Outlay which is derived from tideland oil revenues. Due to the relatively low revenues accruing to the state from this source, alternative lease-purchase based financing mechanisms have been successfully utilized to meet statewide needs for additional general office space. Among the successful projects accomplished during this administration are the Franchise Tax Board facility in Sacramento, the Edmund G. "Pat" Brown Building in San Francisco, and the Ronald Reagan State Office Building in Los Angeles. Additionally, in the current year, legislation has been authorized to permit the construction financing (totaling up to \$140 million) of both a major addition to the Franchise Tax Board and a complex to house the State Archives and the Secretary of State offices.

For 1990, the Administration is proposing a \$250 million general obligation bond measure to begin to focus on seismic and other building deficiencies in state buildings. This is the initial proposal in what will be a multiyear effort to improve structural safety in state facilities. The proceeds of this measure will be used to address the states, responsibility in construction costs at the four office buildings damaged in the earthquake as well as those buildings identified as the highest priority by structural surveys.

\$1.1 million is included in the 1990-91 Governor's Budget for Capital Outlay, primarily to address essential improvements to the Central Plant which provides heating and cooling to the State Capitol and the other major state buildings in downtown Sacramento. The proposed projects would permit expansion to accommodate the demand imposed by the new State Archives

building and other future developments as well as increase reliability and permit greater efficiency in operations.

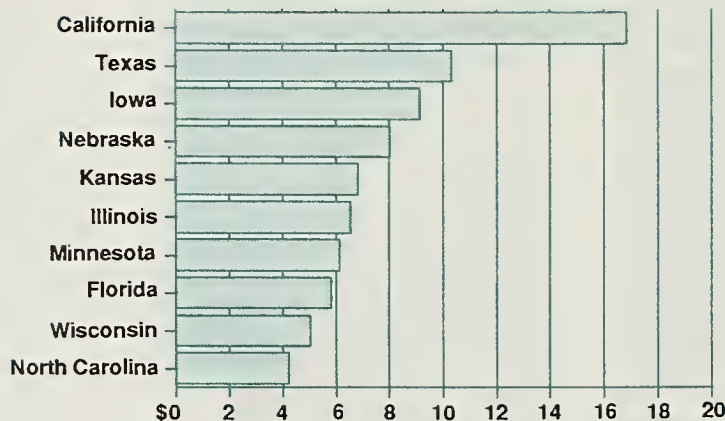
Department of Veterans Affairs

Veterans Home, Yountville. The Veterans Home of California in Yountville provides complete residential and medical facilities for approximately 1,300 veterans. The Master Plan for renovation of this 105 year old facility, approved by the Legislature in 1979, provided for the construction of a 56-bed acute care hospital, renovation of Holderman Hospital for Skilled Nursing Care, and the renovation of other buildings for Intermediate Care, Licensed Residential Care and Domiciliary. The majority of the Master Plan renovation projects are eligible for 65 percent federal reimbursement from the Veterans Administration's Grant

Figure 11-C

Top Ten Farm States 1988 Farm Income

(Dollars in Billions)



for State Home Construction. Upon completion of the Master Plan, the Veterans Home will be able to provide facilities for approximately 1,700 veterans.

The capital outlay budget for the Veterans Home proposes a total of \$12.5 million (\$5.4 million from the Special Account for Capital Outlay and \$7.1 million Federal Funds) for purposes which include the following:

- Completion of construction for two additional skilled nursing buildings.
- Upgrading of the electrical distribution system.
- Continuation of program management services to ensure the most expeditious scheduling and cost effective management of the master plan construction program.

Other Governmental Agencies

Department of Food and Agriculture

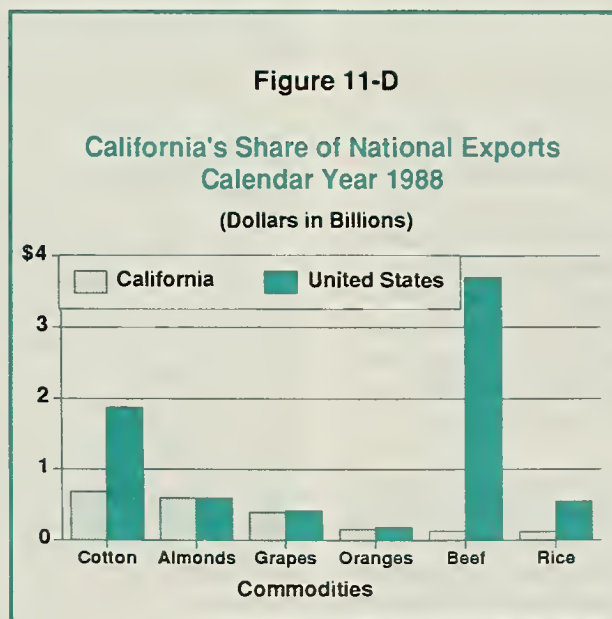
California agriculture is a vital part of the economy of our state and nation accounting for over \$16.6 billion annually in gross farm receipts. As

the nation's number one farm state (see Figure 11-C), California produces over 50 percent of the nation's exports of fruits, nuts and vegetables (see Figure 11-D). The Department of Food and Agriculture protects and promotes California agriculture through programs providing services such as marketing assistance and pest and disease eradication. In addition, the Department helps protect the interests of consumers and agricultural workers through regulation of pesticide use and enforcement of weights and measures standards.

The 1990-91 Governor's Budget proposes a total expenditure of \$209 million and 2,000 personnel years. Budget adjustments for 1990-91, include:

- \$44.5 million for the Agricultural Plant Pest and Disease Prevention Program including an augmentation of \$600,000 to continue an effort begun with Agriculture Emergency funds in 1989-90 to eradicate hydrilla in Madera and Mariposa Counties, and \$600,000 for maintenance and health and safety repair projects at border inspection stations. In 1989-90, a total of \$12.8 million in deficiency funding has been approved to

“For 1990, the Administration is proposing a \$250 million general obligation bond measure to begin to focus on seismic and other building deficiencies in state buildings.”



eradicate infestations of the Mediterranean Fruit Fly in California.

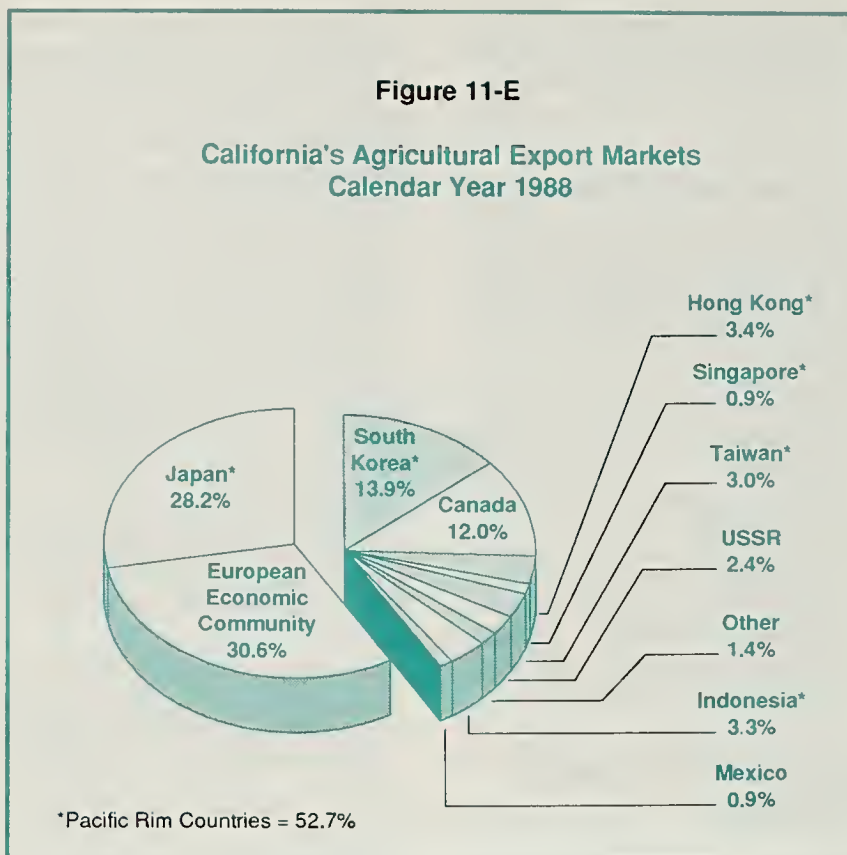
- \$39.9 million for the Pesticide Regulation Program including an augmentation of \$3.1 million and 23 personnel years to provide improved data for risk assessments of pesticides and to increase pesticide use monitoring and enforcement.
- \$24.7 million for the Animal Pest and Disease Prevention Program including an augmentation of \$344,000 and 6 personnel years to meet the increased inspection workload at meat processing plants and livestock slaughter establishments.

Agricultural Export Program. The Department of Food and Agriculture's Agricultural Export Program assists California exporters through a matching funds program, an electronic trade leads system, and foreign market development. Since its inception in 1985, the Agricultural Export Program has funded a total of 450 grants at a dollar value of almost \$18 million to California agricultural exporters to assist them in market development and trade activities overseas. For 1990-91, the Budget proposes an increase of \$1 million from the Unitary Fund resulting in a total funding level for the Program of \$4.7 million.

As reflected in Figure 11-E, over half of our exports go to Pacific Rim countries.

Capital Outlay. Capital Outlay includes a total of \$709,000 for two major projects and one minor project. The major projects propose:

- \$424,000 in working drawings funds for a new laboratory for the Plant Industry Division. The new lab is needed to replace the current facility which has health and safety problems resulting from inadequate plumbing, storage, laboratory fume hoods and exhaust, and hazardous waste storage and disposal;
- \$162,000 in preliminary plans and working drawings funds to upgrade and add laboratory fume hoods, replace air conditioning



units, add a solvent storage room, and walk-in refrigerator; and to remodel the existing receiving room, at the Division of Inspection Services, Sacramento Chemistry Laboratory. This work is needed to correct health and safety and code deficiencies at the existing laboratory.

California Arts Council

The California Arts Council encourages artistic awareness, participation and expression among the citizens of California. The Council's multi-faceted grants program seeks to further the development of a wide range of individual and group cultural activities in all areas of the state.

The Governor's Budget proposes a total expenditure of \$19.9 million and 55 personnel years. For 1990-91, the budget includes an augmentation of \$3.2 million to increase administrative costs and grants. Included in the

augmentation is an increase of \$200,000 for administrative costs, \$500,000 to the Artists in Residence Program, \$1.25 million to the Organizational Grants Program, \$180,000 to the Performing Arts Touring/Presenting Program, \$70,000 to the Statewide Projects Program, and \$1 million to the California Challenge Program. The private matching fund requirements range from one private dollar to every two state dollars to a high of three private dollars to every state dollar in the Challenge Program and the Statewide Projects Program. It is the Administration's intent that this \$3 million augmentation be granted within the various programs listed above in a fashion which will generate an overall minimum match of two private dollars to every state dollar provided, thereby resulting in a total of \$9 million in additional funding to the arts.

California Exposition and State Fair

The California Exposition and State Fair provides a showcase for the agricultural, recreational and industrial resources of California for both residents and non-residents. The 1990–91 Governor's Budget proposes a total expenditure of \$17.2 million and 244 personnel years. Budget adjustments for 1990–91 include:

- \$250,000 to be applied toward the repayment of Cal Expo's share of the replacement costs of the live-stock barns. The total revised project cost is \$4.6 million. The Department of Food and Agriculture, Division of Fairs and Exposition will provide funding for half of the cost of the project and the balance will be funded by Cal Expo. On October 17, 1989, bonds were sold to provide the necessary funding for this project which is expected to be completed by July 1990.
- \$457,000 and 9 personnel years to address increased workload generated by increased attendance at the State Fair as well as an increased number of other events scheduled throughout the year.
- A continuance of \$1.5 million for the highest priority deferred maintenance and special repair projects during the 1990–91 fiscal year.

Department of Industrial Relations

The objective of the Department is to protect the workforce in California, improve working conditions, and advance opportunities for profitable employment.

The Governor's Budget proposes a total expenditure of \$184.8 million and 2,496 personnel years, and pursuant to SB 165, AB 276 and SB 47, the workers' compensation program has been enhanced with 100 personnel years and \$6.5 million in the current year. Budget adjustments for 1990–91 include:

- \$21.4 million and 214 personnel years in the Division of Workers' Compensation to fund a program enhancement pursuant to AB 276 and SB 47. This legislation also created the new Division of Workers' Compensation to replace the Division of Industrial Accidents.
- \$2.3 million to continue the on-line case tracking, calendaring and management information system to support operations of the Workers' Compensation Appeals Board (WCAB) in the Division of Workers' Compensation and the Pressure Vessel/Elevator on line systems at the Teale Data Center.
- \$283,000 and 5 personnel years to implement provisions of legislation which substantially changed laws relating to use of apprentices and payment of prevailing wages on public works within the Division of Labor Standards Enforcement.
- \$330,000 increased spending authority from the Self Insurance Fund to reimburse the Division of Workers' Compensation for audit services. This will provide for routine audits on a three year cycle and special audits as needed.
- \$616,000 in reduced reimbursement authority to reflect the transfer of the Radiation Health Program to the Department of Health Services.

Military Department

The Military Department is responsible for protecting life and property during periods of civil emergency and natural disaster by furnishing trained units for federal mobilization and for state missions as required by the Military and Veterans Code or as directed by the Governor.

The 1990–91 Governor's Budget proposes a total expenditure of \$52.3 million and 696 personnel years.

In addition, the Department received authorization to expend \$630,000 and 15 personnel years (on an emergency basis) in 1989–90 to operate the Temporary Emergency Shelter Program. This budget pro-

“This budget proposes to maintain this level of expenditure in order to continue this program which provides overnight shelter for homeless persons in California National Guard armories throughout the state.”

poses to maintain this level of expenditure in order to continue this program which provides overnight shelter for homeless persons in California National Guard armories throughout the state. Budget adjustments for 1990-91 include:

- \$918,000 (\$70,000 in General Funds and \$848,000 in Federal Trust Funds) and 14 personnel years to support the Air National Guard Program which includes 12 federally reimbursed firefighter positions at the Fresno Air National Guard Base.
- \$621,000 funded from the Employment Training Fund to continue support of the California Innovative Military Projects and Career Training (IMPACT) Program at two sites in Glendale and San Diego. The Governor's Budget also proposes an additional \$60,000 and 8 personnel years to establish one remedial teacher position at each of the IMPACT sites. This program utilizes traditional military training and educational techniques to recruit, train and place, either in the military service or private workforce, disadvantaged youth, ages 17 to 21.

In addition, the 1990-91 Governor's Budget proposes a total of \$2.2 million for Capital Outlay projects, including:

- \$293,000 from SAFCO and \$562,000 from the Federal Trust Fund to convert indoor rifle ranges at nine California National Guard Armories in order to provide additional space for essential training, storage and administrative functions.
- \$368,000 from SAFCO and \$245,000 from the Federal Trust Fund to begin planning and design efforts for a new armory in West Los Angeles.
- \$300,000 from SAFCO and \$150,000 of carryover funds from the Federal Trust Fund to begin planning and design efforts for a new armory in North Los Angeles.

State Board of Equalization

The State Board of Equalization administers 15 tax programs which serve to support both state and local government activities. The State's General Fund receives over 40 percent of its revenue from these sources. The 1990-91 Governor's Budget proposes a total expenditure of \$189 million and 3,334 personnel years for the board. Budget adjustments for 1990-91 include:

- \$1.5 million and 40 personnel years is proposed to continue necessary funding for the administration of the temporary one-quarter cent increase in the state sales and use tax that will provide an estimated \$785 million for earthquake relief operations.
- \$1.2 million and 33 personnel years is proposed for the Sales and Use Tax Program to accommodate increased workloads associated with registering new taxpayers and collecting delinquent accounts receivable.
- \$755,000 (Cigarette Tax Fund) and 11 personnel years is proposed to conduct additional state assessee audits (financial and fixed assets) to better protect a local tax base that will generate approximately \$780 million in revenue. In addition, in order to more properly allocate the costs of the property tax program and reduce state costs, \$5.9 million of existing costs are proposed to be shifted to the local share of the cigarette tax proceeds since this program primarily benefits local government.
- \$1.9 million and 45 personnel years is proposed to implement two new use tax collection programs that are projected to increase budget year revenue by \$10.3 million.
- \$947,000 and 17 personnel years is proposed to process increased workloads generated by the board administering transaction (sales) and use tax ordinances for the five new special taxing

jurisdictions that were approved by the voters on the November 1989 ballot.

- \$1.3 million and 30 personnel years is proposed to continue processing underground storage tank maintenance fees, quarterly disposal site fees, and hazardous waste fees.

Office of Emergency Services

California has experienced ten Presidentially declared disasters and more than fifty-two Gubernatorially proclaimed emergencies in the last seven years. These natural disasters, including fires, floods, and earthquakes, caused over \$6 billion damage. Nearly a billion dollars in state and federal funds have been paid to date toward recovery from disasters which occurred prior to the October 17, 1989 Loma Prieta earthquake.

The Office of Emergency Services (OES) has grown into an organization which is recognized throughout the nation as a leader in multidisciplinary emergency response. OES plays an especially critical role in assuring public safety, and reducing the economic impact of natural disasters.

The 1982-83 Governor's Budget included \$7.5 million and 123 personnel years for state operations at OES. At that time, emergency response plans for earthquakes and other disasters were incomplete and geographically limited; and equipment crucial to emergency response was outdated, inoperative, or nonexistent. By 1989-90, OES' state operations had grown to \$18.9 million and 231 personnel years—a growth of 150 percent. Major accomplishments over the years include:

- Expansion of the Southern California Earthquake Preparedness Project (SCEPP) and establishment of the Bay Area Regional Earthquake Preparedness Project (BAREPP).

- Establishment of a statewide hazardous material emergency response system. California leads the nation in development of planning and community right-to-know programs in this area. OES' California Hazardous Material Incident Reporting System is being used as the basis for a national program.
 - Installation of FIREScope (Fire-fighting Resources of Southern California Organized for Potential Emergencies) in Northern California to provide protection in the north and to serve as a backup system to the Southern California program.
 - Development and installation of an 800 MHz emergency radio system to serve twelve state agencies requiring separate channels for emergency operations.
- To further OES' ability to respond immediately in a disaster, to save lives, and to reduce the economic impact of a disaster, the 1990-91 Governor's Budget includes a total of \$31.4 million and 263 personnel years for OES' state operations and \$122 million for local assistance. Major budget highlights include:
- \$4.5 million additional to upgrade California's emergency communications systems to minimize disruptions following earthquakes and other disasters.
 - \$2.2 million additional for various earthquake preparedness planning activities.
 - \$1.5 million additional to survey and identify seismically deficient state-owned structures and Field Act certified school facilities built prior to 1971. This project will be expanded in succeeding fiscal years.
 - \$564,000 additional to establish multi-agency/discipline urban search and rescue response teams.
 - \$393,000 additional to establish an operational state disaster medical response capability and create a state-county medical mutual aid system.
 - More than \$600,000 additional for an expanded training program at the California Specialized Training Institute, including additional earthquake preparedness courses.
 - Over \$1 million additional for mutual aid response equipment, including fire trucks, communications vans and heavy rescue vehicles.
 - \$396,000 additional to expand a coordinated state program aimed at the prevention of chemical disasters.
 - \$230,000 additional to define needs, evaluate sites, and prepare environmental reports as the first steps in undertaking the construction of a new headquarters and emergency operations center in Sacramento and a permanent emergency operations center in Southern California. Upon completion, both centers will provide for consolidation of OES staff and provide for more accurate assessments and better coordination of state response during emergencies and disasters.
 - \$5.6 million for payment of property damage claims and costs of other natural disasters occurring prior to the Loma Prieta earthquake.

“To further OES’ ability to respond immediately in a disaster, to save lives, and to reduce the economic impact of a disaster, the 1990-91 Governor’s Budget includes a total of \$31.4 million for . . . state operations and \$122 million for local assistance.”

State and Local Government Partnership

We created a New Partnership with local governments to restore some certainty and common sense to the relationship between state and local government. We are committed to ensuring that California's local governments operate at their highest level of efficiency and effectiveness.

Governor George Deukmejian
October 1988

As a result of the passage of Proposition 13 and various economic adjustments in the late 1970s and early 1980s, the state's participation in local government financing increased. Nevertheless, local government continues to be an essential service provider to the public.

Recognizing the increasing concentration of fiscal power in Sacramento, the Governor, upon taking office seven years ago, made a commitment to restore more certainty and common sense to state and local government fiscal relationships. Toward that end, the Administration created a New Partnership with local government to endeavor to provide the resources needed for local services while allowing local discretion in the allocation of those resources.

The development of the 1990-91 Governor's Budget required the dif-

ficult task of tailoring expenditures to limited resource availability. In crafting this budget, particular attention was given to minimize program reductions which would create fiscal hardships on counties. In this manner, this Administration has been able to maintain its commitment to assist local government in key program areas. The substantial proposals included for trial court funding, county revenue stabilization and Rural Renaissance funding highlight the continuing importance accorded by the Governor to local government financing.

The most recent illustration of our commitment to local government occurred as a result of the devastating impact of the Loma Prieta earthquake. The Governor's quick and effective leadership, working with the Legislature and local officials, provided for approximately \$1 billion in state aid to individuals and businesses as well as state and local agencies to bring about a resumption of normal community affairs.

Accomplishments

A major accomplishment in the endeavor to assist local government was the implementation on January 1, 1989, of the Trial Court Funding Program, culminating nearly four years of negotiation and a series of statutes which provided the framework for the program. For 1990-91, the budget proposes nearly \$455 million for this program.

There have been a number of actions in previous years, as well, which have done much to ensure a workable partnership between the state and local government. These include the following:

- Repeal of previous law, enacted in 1979, which provided an automatic reduction in local government subventions if state General Fund revenues did not increase at a specified rate. The elimination of this provision removed a significant funding uncertainty for local jurisdictions.
- Guarantee of vehicle license fee revenues for local government—A constitutional amendment was proposed in 1984 and passed in 1986 which guaranteed that revenue from vehicle license fees would be a local revenue.
- Re-establishment of the authorization for local general obligation bonds—A constitutional amendment was proposed in 1984 and passed in June 1986 to reinstate local government's ability to use the property tax to guarantee general obligation bonds with a two-thirds vote of the electorate.
- Capability to raise local taxes—Various statutes have provided the legal basis for voters to approve half-cent and full-cent local sales tax increases for purposes such as transportation or correctional facilities. Existing law authorizes counties with a population of 350,000 or less to seek voter approval of a half-cent sales

tax for any valid purpose. Other statutes have provided authority for various special local taxes, subject to voter approval. Proposition 62, approved in 1986, is the framework within which general and special tax increase statutes must be drawn.

- A 1987 law provided one-time grants to counties totaling \$110 million, and also created an ongoing program to stabilize county revenues. For the first time, the state is compensating local governments for increases in the amounts needed to meet state requirements for matching funds, which over a period of time can erode county discretionary revenues. This program, which is limited to amounts appropriated for this purpose, is viewed as especially significant for smaller counties, and \$15 million is proposed for its continuation in 1990-91.
- Legislation signed in 1986 created, as part of the Administration's Rural Renaissance Program, the Rural Economic Development Promotion Program and appropriated approximately \$8 million to provide grants to eligible rural counties for promotion of economic development. Additional subsequent appropriations of \$20 million for infrastructure have brought the total to date to \$34 million, and another \$8 million for infrastructure is proposed for 1990-91. The Governor will continue efforts through this program and others to ensure that rural counties are able to maximize use of program resources. (For further discussion of the Rural Renaissance program, refer to the Business, Transportation and Housing Section of this Summary.)
- A 1988 bill extended the sunset date of the program which assists counties with their costs of homicide trials.
- In 1984, the Governor signed legislation creating the Commission on State Mandates to insure that programs mandated by the State

would include sufficient funds to carry out required activities.

Disaster Assistance

The occurrence of the Loma Prieta earthquake on October 17, 1989 served as a sullen reminder that California is prone to natural disasters. The magnitude of this earthquake can be put into perspective by the damage it caused relative to previous disasters: The combined damage of the preceding nine Presidentially declared disasters in California is estimated at \$1.5 billion; the Loma Prieta earthquake is estimated at more than \$5 billion. Without government intervention, response to and recovery from these disasters would be unduly arduous. While the federal government is helpful, additional state aid is often necessary to minimize disruptions of essential services.

The Administration has responded quickly to each disaster. Funding of disaster assistance efforts is one of the reasons for maintaining a prudent reserve fund. Because of the availability of these funds, for example, it was possible to provide \$91.3 million for fire and earthquake assistance programs at the special legislative session called by the Governor in November 1987. Over \$2.3 million in assistance has been allocated in response to disasters which occurred subsequent to the 1987 Special Session, and prior to the Loma Prieta earthquake.

Within days of the Loma Prieta earthquake, the Governor made \$117 million available to local governments for immediate assistance. The Governor also called a Special Session of the Legislature to put forward measures to assist victims, to help business recover, and to repair damaged public facilities. Twenty-four Special Session measures were enacted in twelve pairs of Assembly and Senate bills. In each pair, the Senate and Assembly bills were nearly, if not completely, identical to one another. In summary, they accomplished the following:

- Significantly increased the Governor's ability to make funds rapidly available to local governments and state agencies for relief and recovery efforts in this and future disasters.
- Appropriated \$30 million for (1) expeditious compensation to victims and their families who suffered because of the collapse of sections of the San Francisco-Oakland Bay Bridge or Interstate 880 and (2) streamlined out-of-court settlements of other loss claims.
- Appropriated \$33.5 million for renters' relocation assistance and rehabilitation of rental housing.
- Appropriated \$41.5 million for the emergency housing and housing rehabilitation needs of homeowners.
- Enabled private nonprofit organizations to be eligible for state assistance in this and future disasters.
- Established a variety of relief grants and loans for small businesses and agricultural concerns.
- Expedited the permitting process for highway repair and restoration projects.
- Appropriated \$80 million for state-wide projects to seismically retrofit highways.
- Appropriated \$3.8 million to subsidize transit operators for emergency services.
- Appropriated \$1.5 million for repairs to various affected state park units and to assist in stabilization of local historical structures.
- Established two tax relief mechanisms: (1) increased personal and corporate income tax deductions for losses and (2) protected local governments against property tax revenue losses.
- Established a temporary (thirteen month) increase of $\frac{1}{4}\%$ in the sales tax rate to provide revenue for the programs created by the Special Session legislation, and the 25 percent "match" required by the

federal government to qualify for assistance programs for state and local government.

In all, the 1989 Special Session legislation will result in making approximately \$1 billion in state aid available to individuals, businesses and private nonprofit organizations, as well as state and local governmental agencies. Permanent mechanisms to assist local entities in times of disaster established in previous special sessions have been further refined to ensure a minimum of delay and to eliminate unnecessary "red tape".

Trial Court Funding Program

The Trial Court Funding Program is a major State initiative to assist local government while, at the same time, bolstering the administration of justice. Historically, it has been a difficult program to implement, but is now fully funded in anticipation of continued participation by all 58 of California's counties.

In 1985, the Governor signed legislation which would, subject to funding being provided in subsequent legislation, require the State to assume the cost of the trial courts. In his message, the Governor expressed a desire to avoid excessive new General Fund costs and indicated that there was a need to implement significant reforms of the judicial process.

The Administration, in 1986, introduced legislation which provided for trial court funding, combined with a series of reform measures designed to improve court efficiency, assure fairness and reduce unnecessary court delays. Although this legislation was not acted on by the Legislature, the following significant legislation of 1986 was enacted implementing some of the reforms which were originally proposed by the Administration.

- Required the Judicial Council to develop Standards of Timely Disposition as guidelines for the Superior Courts and established

pilot projects designed to achieve those standards.

- Provided for significant reforms of the civil discovery process.
- Authorized a demonstration project to assess the costs, benefits and acceptability of utilizing audio and video recording in lieu of the record prepared by a court reporter in certain civil proceedings.
- Re-established a pilot project authorizing the use of eight-person juries for civil cases in the Los Angeles Municipal Courts.

In September, 1988, the Governor signed SB 612 into law. That measure enacted the Brown-Presley Trial Court Funding Act. A companion measure appropriated over \$205 million "blue-penciled" by the Governor from the 1988 Budget Act and set aside to make the Trial Court Funding Program operative in the second half of the 1988-89 fiscal year. The 1990-91 Budget includes \$454.9 million for continued full funding of this program.

County Revenue Stabilization Program

The Administration's Stabilization Program was first proposed in the 1986-87 Governor's Budget. Local officials had expressed concerns that their revenue base was being eroded because they were required by State law to provide increased amounts as a match to certain state programs. Since they believed the amount of the match is essentially outside of their control, they saw this as an unfair reduction in already limited general purpose revenues.

A 1987 law addressed this problem. The fraction of each county's general purpose revenue needed to meet specified requirements for matching funds is compared to the fraction of general purpose revenue needed for those same match requirements in the 1981-82 fiscal year. If the fraction of general purpose revenue needed to meet match requirements has increased, the state is authorized to provide fund-

"A major accomplishment in the endeavor to assist local government was the . . . Trial Court Funding Program, culminating nearly four years of negotiation and a series of statutes which provided the framework for the program."

ing, up to an amount sufficient to reduce this fraction to the 1981-82 level, but the program is limited to the amounts appropriated annually for this purpose. The 1988-89 Stabilization Program funding was \$15.3 million. These funds were provided in a measure that appropriated monies set aside from the Budget Act by the Governor. A funding level of \$15 million is proposed for Stabilization in 1990-91.

Rural County Review

This Administration has actively pursued programs to improve the economic conditions of rural counties, such as the Rural Renaissance Program and Rural Economic Development Promotion Program.

In addition, legislation such as the Stabilization Program was crafted to maximize assistance to rural counties whose revenue growth has not kept pace with traditional county program requirements. However, as the gap in some rural counties between resources and program requirements increases, a continuing review of rural county fiscal options is warranted. Consistent with prior efforts, the Administration plans to work with the Legislature and rural county representatives to continue our partnership in addressing their fiscal problems.

Local Assistance

State budgets historically have described expenditures as state operations, local assistance and capital outlay. Both state operations and capital outlay are clear indicators of how taxes are spent. The term "local assistance", however, covers a number of different kinds of expenditures. The last six budgets have attempted to categorize local assistance to provide a better description of where these expenditures occur.

State expenditures aimed at local assistance include three major categories:

- Assistance to individuals
- Payments to service providers

● Payments to local government

Payments to local government are divided further into restricted and general purpose categories.

Assistance to Individuals. This category includes grants to individuals, e.g., SSI/SSP or AFDC payments. In addition, several tax relief programs which provide assistance directly to individuals, such as the renters credit program, are included, as well as indirect payments to individuals for tax relief programs, such as the homeowners' exemption. Payments in this last program are made to local governments to reimburse them for the property tax loss incurred through the exemption.

Payments to Service Providers.

This category includes expenditures for services provided by agencies other than the state. These payments could be to counties or to private contractors. Restricted payments to local government include expenditures which are sent directly to counties for specific programs or as reimbursements for a legislative mandate.

Payments to Local Government.

This category of general purpose payments to local government includes those payments which can be used for any general government purpose.

Table 12-1 shows General Fund expenditures for these three categories for the past, current and budget years.

Local Revenue

One measure used in assessing the fiscal condition of cities and counties is the change in general purpose revenues. General purpose revenues include only those revenues which may be expended for any governmental purpose, much like the State's General Fund (see Table 12-2).

In 1989-90, the growth in general purpose revenue on a statewide basis is estimated to be 7.2 percent for cities and 10.2 percent for counties. In the prior fiscal year, the

growth rate was 7.2 percent for cities and 7.5 percent for counties. For 1990-91, cities are expected to realize a growth rate of 6.9 percent while counties will experience an 8 percent growth in general purpose revenue. Vehicle license fee revenues to both the individual cities and counties will continue to be a major factor driving the increase in revenues. It should be noted that there is substantial variation among cities and counties with respect to actual revenue growth.

Counties administer health and welfare programs for the state and, therefore, have no discretion over these costs. In recognition of this, costs associated with these programs are offset against general purpose revenues.

State-Mandated Local Programs

In 1972, legislation (SB 90), first established the statutory requirement for the state to reimburse units of local government for costs of any state-mandated program. Such costs may result from either legislative acts or executive regulations which impose a new program or demand an increased level of service in an existing program. The statutory reimbursement requirement was elevated to a constitutional requirement in Section 6 of Article XIII B of the California Constitution with the electorates approval of Proposition 4 in November 1979.

Legislation enacted in 1984 created a five-member Commission on State Mandates to determine whether local entities are entitled to reimbursement by the state for costs which may have been incurred as a result of state-mandated local programs. The Commission replaced the Board of Control for the resolution of local mandate issues. If reimbursement is not initially provided in the mandating legislation or executive regulation, the local entities are authorized to file claims with the Commission alleging entitlement for reimbursement.

Prior to 1985, the system of reimbursing state mandates was on an actual cost basis, requiring local entities to file detailed claim forms and to undergo subsequent field audits by the State Controller's Office. Legislation enacted at that time established a system of "State Mandated Apportionments" (SMA's) to provide a "block grant" approach for funding those mandates which are long-standing and relatively stable. Under this system, the Controller determines the average amount of mandate reimbursement received by each local entity over the past three years, adjusts that amount by changes in the Implicit Price Deflator and subvenes amounts to the local entities without the submission of claims by those entities. The Commission determines which mandates will be included in the system. Currently, there are 10 mandates reimbursed through the SMA. Table 12-3 summarizes the payments made to local government for mandate reimbursement from appropriations in legislation imposing a mandate, from State Budget Acts and from Board of Control/Commission on State Mandates claims bills.

The total amount proposed to be appropriated in the 1990 Budget Act for state mandates is \$206.1 million. The Governor's Budget also provides \$82 million for costs, as identified below, which are anticipated to be funded in the next Commission on State Mandates claims bill.

(Dollars in Thousands)

New Mandates:	
Graduation Requirements...	\$19,600
Notification of Truancy	21,020
Emergency Procedures	25,275
Investment Reports	
(K-14 only)	353
Open Meetings Act	
(K-12 only)	1,737
Subdivision Mergers.....	831
Annual Short-Doyle Audits ..	67
Deficiencies in Prior	
Mandate Appropriations	
(K-12 only)	13,109
Total	\$81,992

This brings the total budgeted level for mandate reimbursement to \$288.1 million. For 1990-91, the Administration also is proposing that local agencies be excused from complying with 10 mandates and, consistent with this action, this Budget does not provide for the \$28 million which would otherwise be required to reimburse those mandates.

Finally, the Governor's Budget reflects a proposal to fund a significant portion of the mandated costs incurred by local government prior to the 1990-91 fiscal year, which would normally be funded in the next claims bill instead, in equal installments in each of the Governor's Budgets for the 1991-92, 1992-93 and 1993-94 fiscal years. The proposal envisions that reimbursable costs incurred in the 1990-91 fiscal year be funded to ensure that the budgets of the affected local entities for that fiscal year remain fiscally sound. However, since the pre-1990-91 costs have already been paid by local governments, it appears unnecessarily burdensome to require the state to provide immediate full reimbursement for several years worth of previous costs. This proposal would stretch out the repayment period and thus avoid a significant one-time cost to the General Fund.

The mandates affected by this proposal and their pre-1990-91 costs are as follows:

(Dollars in Thousands)

Short-Doyle Case	
Management.....	\$20,000
Interviews of Potentially	
Dependent Children	23,441
Real Property—	
Subdivision Mergers	5,576
Investment Reports*	15,150
Annual Short-Doyle Audits .	313
Open Meetings Act*	7,418
Trial Court Delay	
Reduction	10,769
Restoration of	
Chapter 332/81	3,737
Deficiencies in 1987	
B/A Appropriations	12,937
TOTAL	\$99,341

*Excludes K-14 school districts' costs.

*“In 1989-90,
the growth in
general
purpose
revenue on a
statewide
basis is
estimated to
be 7.2 percent
for cities and
10.2 percent
for counties.”*

Redevelopment Agencies

There are approximately 350 redevelopment agencies (RDAs) in the state. These agencies have a combined revenue from all sources in excess of \$1.5 billion. RDAs have several sources of revenue, one of which is the Special Supplemental Subvention provided by the state. The Supplemental Subvention for

RDAs in 1990-91 is expected to be about \$42 million, which is only about 2 percent of total RDA revenue.

The Administration is proposing to adjust the state's Supplemental Subvention to RDA's from \$42 million to \$27 million which is the amount necessary to cover that portion of bond interest and redemption

expenses funded by the subvention. This would result in a savings to the state of approximately \$15 million, or less than 1 percent of RDA revenues. Since RDAs have other substantial sources of revenue which are continuing to expand, this proposal should have a minimal effect on RDA operations.

Table 12-3
Summary of Payments to Local Government
for State Mandates
(Dollars in Thousands)

<i>Fiscal Year</i>	<i>Mandate Legislation</i>	<i>Budget Acts</i>	<i>Claims Bills</i>	<i>Totals</i>
1973-74	\$3,538	—	—	\$3,538
1974-75	2,655	\$14,943	—	17,598
1975-76	1,376	17,963	—	19,339
1976-77	20,226	18,356	\$523	39,105
1977-78	4,007	52,623	—	56,630
1978-79	21,443	54,434	1,203	77,080
1979-80	12,013	75,565	12,202	99,780
1980-81	9,947	105,377	7,572	122,896
1981-82	—	101,942	33,980	135,922
1982-83	610	92,886	24,183	117,679
1983-84	10,000	74,671	22,208	106,879
1984-85	4,937	76,070	1,366	82,373
1985-86	44,741	109,842	6,884	161,467
1986-87	75	144,525	5,928	150,528
1987-88	—	87,754	48,700	136,454
1988-89	500	114,248	26,051	140,799
1989-90	—	198,159	47,998	246,157
1990-91	—	206,090	81,992*	288,082
TOTALS	\$136,068	\$1,545,448	\$320,790	\$2,002,306

*Estimated

Table 12-1

**Local Assistance Expenditures
State General Fund**

(Dollars in Thousands)

	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>
Assistance to Individuals			
Health and Welfare			
SSI/SSP Grants	\$1,962,347	\$2,165,655	\$2,216,846
AFDC Grants	2,352,859	2,628,897	2,902,009
Special Adult Programs	3,286	3,697	4,086
Office of Statewide Health Planning	4,033	2,886	2,880
Total	\$4,322,525	\$4,801,135	\$5,125,821
Tax Relief			
Homeowners' Tax Relief	348,393	353,619	358,923
Senior Citizens' Property Tax Assistance	3,828	4,286	3,770
Senior Citizens' Property Tax Deferral	7,441	8,000	8,200
Senior Citizens Renters' Tax Assistance	17,839	19,930	17,527
Renters' Tax Relief	487,232	506,319	516,445
Total	\$ 864,733	\$ 892,154	\$ 904,865
Student Aid Commission	122,045	152,966	158,323
California Arts Council	10,976	12,930	15,930
Loma Prieta Earthquake Relief	-	30,000	-
Totals, Assistance to Individuals	\$5,320,279	\$5,889,185	\$6,204,939
Payments to Service Providers			
Health and Welfare			
Department of Aging	32,624	33,099	31,068
Department of Alcohol and Drug Programs			
Alcohol Program	37,274	37,274	34,382
Drug Program	32,547	36,147	33,971
Combined Services	-	-	6,082
Department of Health Services			
Public Health Services	89,030	84,118	71,147
Medi-Cal Assistance Program	2,926,371	3,489,565	3,678,173
Department of Developmental Services			
Regional Centers	457,445	485,814	511,264
Developmental Centers ¹	34,609	-	-
Mental Health Services	581,371	597,880	595,898
Social Service Programs	689,470	825,390	805,388
Community Care Licensing	9,429	9,527	8,577
Department of Rehabilitation	76,710	73,777	73,927
Emergency Medical Services Authority	2,856	2,857	3,057
Totals, Payments to Service Providers	\$4,969,736	\$5,675,448	\$5,852,934

¹ Beginning in 1989-90, this amount is budgeted in State Operations; previously it was budgeted in Local Assistance.

Table 12-1—Continued

**Local Assistance Expenditures
State General Fund**

Payments to Local Government	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>
Restricted			
Legislative/Judicial/Executive.....	\$ 292,165	\$ 674,419	\$ 666,266
State and Consumer Services	1,250	1,750	1,750
Business/Transportation/Housing.....	8,718	46,710	59,400
Resources.....	777	15,403	13,896
Health and Welfare			
Department of Health Services			
Public Health Services for			
Local Agencies.....	1,114,083	1,052,617	890,297
County Administration.....	78,217	129,846	152,229
Department of Social Services			
County Administration.....	154,053	182,887	200,943
Corrections			
Department of Corrections.....	22,997	25,734	24,845
Youth Authority	72,376	73,905	73,905
Education			
K-12 Categoricals	3,426,341	3,841,495	4,471,318
State Library Assistance	33,904	34,890	34,579
Contribution to Teachers'			
Retirement Fund	543,537	446,316	530,634
Community College Categoricals.....	138,024	158,797	171,220
Student Aid Commission—CAL			
SOAP	593	577	577
School Facilities Aid	21,190	— 1,810	21,190
Other Governmental Units.....	50,210	79,474	81,153
Loma Prieta Earthquake Relief.....	—	(183,000)	(140,000)
Shared Revenues—Tidelands.....	226	300	300
Local Mandates	123,995	268,535	286,572
Totals—Restricted	\$ 6,082,656	\$ 7,031,845	\$ 7,681,074
General Purpose			
Education			
K-12 Apportionments.....	9,547,463	10,122,803	10,527,591
Community College			
Apportionments.....	1,300,425	1,389,906	1,502,017
Other Governmental Units			
Aid to Local Governments	29,072	15,600	15,000
Tax Relief			
Open Space	14,468	19,600	19,600
Substandard Housing	212	278	196
Special Supplemental			
Subventions.....	45,762	40,800	26,975
Totals—General Purpose	\$10,937,402	\$11,588,987	\$12,091,379
Totals, Payments to Local			
Government.....	\$17,020,058	\$18,620,832	\$19,772,453
Estimated Unidentifiable Savings.....	—	— 106,000	— 149,000
Totals, General Fund Local Assistance	\$27,310,073	\$30,079,465	\$31,681,326

Table 12-2
Summary of Local Revenues
(Dollars in Millions)

<i>Local Agencies</i>	<i>1986-87</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>
Counties					
Property Taxes.....	\$3,869.3	\$4,229.9	\$4,521.3	\$4,929.1	\$5,332.1
Sales Taxes.....	342.3	364.6	374.2	403.3	425.9
Vehicle License Fees.....	934.5	1,043.3	1,128.6	1,219.7	1,323.1
Other Revenues.....	1,544.6	1,677.6	1,816.0	2,059.9	2,101.0
Totals.....	\$6,690.7	\$7,315.4	\$7,840.1	\$8,612.0	9,182.1
Less Mandated Health and Welfare Costs.....	-870.0	-910.5	-955.5	-1,023.4	-986.0
Adjusted Totals.....	\$5,820.7	\$6,404.9	\$6,884.6	\$7,588.6	\$8,196.1
Cities					
Property Taxes.....	1,444.7	1,607.4	1,749.0	1,941.4	2,138.9
Sales Taxes.....	1,877.8	2,048.5	2,203.6	2,380.0	2,577.3
Vehicle License Fees.....	605.7	669.8	769.9	832.2	872.6
Other Revenues.....	2,559.6	2,651.9	2,757.9	2,868.3	2,983.0
Totals.....	\$6,487.8	\$6,977.6	\$7,480.4	\$8,021.9	\$8,571.8
Special Districts					
Property Taxes.....	964.1	1,042.2	1,148.0	1,271.3	1,397.2
Education					
K-12 and County Offices					
Property Taxes.....	3,482.7	3,786.2	4,116.9	4,490.0	4,857.0
State Apportionment.....	8,445.0	8,734.8	9,590.3	10,142.0	10,539.4
Categorical Aid.....	3,117.9	3,161.1	3,485.5	3,948.4	4,673.1
Lottery.....	410.9	650.9	834.3	835.0	835.0
Totals.....	\$15,456.5	\$16,333.0	\$18,027.0	\$19,415.4	\$20,904.5
ADA.....	4,490,662	4,595,352	4,735,816	4,869,703	5,040,952
Expenditures per ADA.....	3,442	3,554	3,807	3,987	4,147
Community Colleges					
Property Taxes.....	544.9	603.9	653.6	712.9	770.9
Fees.....	66.9	65.4	66.2	65.7	65.7
State Apportionments.....	1,139.0	1,168.4	1,302.4	1,392.0	1,504.1
Categorical Aid.....	83.3	168.5	171.5	186.8	199.2
Lottery.....	57.4	96.8	126.9	127.1	127.1
Totals.....	\$1,891.5	\$2,103.0	\$2,320.6	\$2,484.5	\$2,667.0
ADA.....	654,070	679,234	702,502	717,576	733,312
Expenditures per ADA.....	2,892	3,096	3,303	3,462	3,637

Management of Government

As we approach the 21st century, ours can be a society of unlimited opportunities, better governmental services and unprecedented communication between peoples. All that is required is vision and leadership on our part.

Governor George Deukmejian
May 1989

Increasing the Efficiency of State Government

The Deukmejian Administration took office in January of 1983 with a primary objective to improve the efficiency of State government without increasing its size beyond the necessary levels. The effectiveness of the Administration's efforts is evident by the reduction in the size of state government's workforce compared to the size of California's population and total workforce. From 1982-83 to 1990-91, the state's general population will have increased by approximately 20.1 percent. During this same period of time, state personnel will have increased by only 16.8 percent. This has resulted in a reduction in the number of state personnel per 1,000 general population from 9.2 in 1982-83 to an estimated 9 in 1990-91. In addition, the California labor force will have increased by approximately 33.9 percent from the 1982-83 fiscal year to 1990-91, while the state workforce will have increased by only 16.8 percent over this same period.

At the same time, however, the state is providing more services to more Californians. For example, since 1982-83:

- higher education enrollment has increased by 16 percent;
- correctional caseload has increased by 204 percent;
- number of motor vehicle registration and license renewal activities has increased by 25 and 20 percent, respectively; and
- California Highway Patrol commercial vehicle inspection and enforcement hours have increased by 57 percent resulting in a corresponding 143 percent increase in the number of detected commercial truck violations.

These and many other workload increases have been accommodated through automation, resource redirection and improved management practices with no adverse effect on the delivery of necessary public services by state government. In essence, state government is doing more with less.

The 1990-91 proposed budget continues to reflect the Administration's ongoing commitment to provide the residents of this state with all essential services without increasing the size of government beyond necessary levels.

Information Technology

The past six years have been a period of unprecedented achievement in the use of information technology by California state agencies. Funding for computers and telecommunications in California state gov-

ernment has more than tripled under this Administration. In fact, with the inclusion in the Governor's Budget for 1990-91 of more than \$65 million in new automation and telecommunications projects, the state's proposed annual expenditure for information technology will for the first time reach \$1 billion (see Figure 13-A).

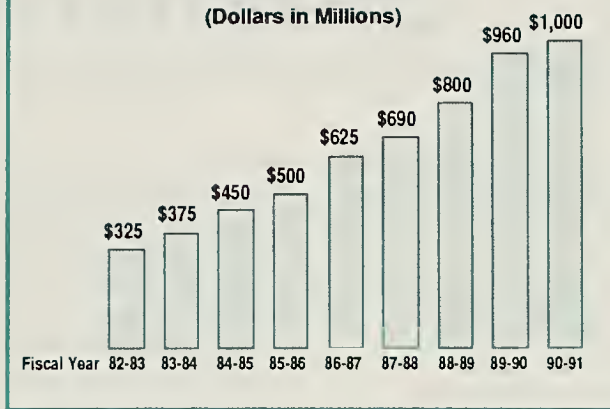
Computers are being used today by state agencies to design highways, map state lands and resources, control the flow of water through the California Aqueduct, identify criminals, dispatch firefighting equipment to forest and grassland fires, screen newborn infants for genetic disorders, and share information about job openings throughout the state. Through integrated office systems and telecommunications networks, agencies are establishing new opportunities for effective communication, better management control and improved service.

Office of Information Technology. The planning, development and management of information systems within California state government is primarily the responsibility of individual agencies. The Office of Information Technology (OIT) supports and promotes the use of innovative information technologies in state government, as a means of saving money, increasing productivity, improving state services, and demonstrating effective management tools.

In keeping with this purpose, OIT establishes management policies, carries out strategic planning, publishes guidelines and reports, oversees agency plans, budget proposals and projects, and acts as an

Figure 13-A
Annual Budget
for Information Technology

(Dollars in Millions)



advocate for the effective use of information technology.

A New Infrastructure. California has created a new infrastructure for information management that is based on:

- identification of state-level strategies for the development of information management capabilities in state government into the 1990s;
- promulgation of management policies that support the effective use of information technology in the accomplishment of each agency's mission and programs;
- enhancement of the state's human resources—its information management workforce of nearly 7,000 technical and managerial personnel;
- adoption of a technical architecture for information management that includes multi-agency data centers, state-level telecommunications networks, local area networks, and individual workstations;
- investment in cost-effective applications of information technology to improve overall state productivity and support the accomplishment of agency programs; and,

- establishment of economic partnerships between California state government and private industry for the exploration of opportunities for applying advanced technologies to the business of government.

This infrastructure provides a coherent management context and effective support capabilities for information management in California. Individual components are discussed below.

State-level Strategies. The Office of Information Technology, with the participation of key state executives and major computer and telecommunications corporations, prepared and published *Strategic Direction for Information Technology in California State Government: 1988-1993*.

Strategic Direction preserves and builds upon the very substantial existing strengths of the state's information technology programs. Its focus is on improving the state-level information management infrastructure in ways that will provide the greatest future benefits.

Management Policies. Under this Administration, the Office of Information Technology has completed the first comprehensive revision of policies governing the use of

information technology by state agencies. The basic purpose of this revision has been to create a management-based policy structure that incorporates the same kinds of incentives and controls that are found in effectively managed private sector organizations.

As a direct result of these new policies, California taxpayers have more assurance that new information technology proposals represent sound investments and will be effectively managed. And the state's substantial existing investment in information technology is more effectively used and better protected.

Human Resources. Increasing reliance on information technology and the growing complexity of the technology have created a need for more and better qualified technical staff. Recruitment and retention of well-qualified technical managers and staff is an ongoing issue.

In the future, the state will need to improve its ability to recruit and retain qualified personnel and to improve its training of agency managers, knowledge workers and information technology professionals ("Knowledge worker" includes managers, analysts, members of the professions and other employees whose primary duties require that they collect, access or manipulate information.)

Technical Architecture. The State of California has structured its data processing and telecommunications capabilities to avoid unnecessary duplication of facilities; take advantage of potential economies of scale; provide for the security and confidentiality of data; and ensure the availability of qualified technical personnel.

The basic components of the state's architecture for information management include:

- Multi-agency data centers—The state's general-purpose data centers constitute the most advanced technological and organizational information processing alternative available to state agencies.

The state's data centers provide secure, professionally managed data processing service facilities for the collection, storage, processing and dissemination of agency information. These facilities have highly trained technical staff and employ state-of-the-art equipment and software.

California's three consolidated data centers are the Law Enforcement Data Center in the Department of Justice; the Stephen P. Teale Data Center in the Business, Transportation and Housing Agency; and the Health and Welfare Agency Data Center in the Health and Welfare Agency.

- Telecommunications—Of the three basic components of the state's architecture for information management, telecommunications is at once nearest and most distant. As a common telephone, it is present on virtually every desk in state government; as a satellite terminal, it is transporting signals more than 22,000 miles into space and back. Between these two extremes lie a wide diversity of capabilities and facilities.
- End-user computing—The foundation of California's information management architecture is end-

user computing and the growing percentage of state employees who fall into the category of knowledge worker.

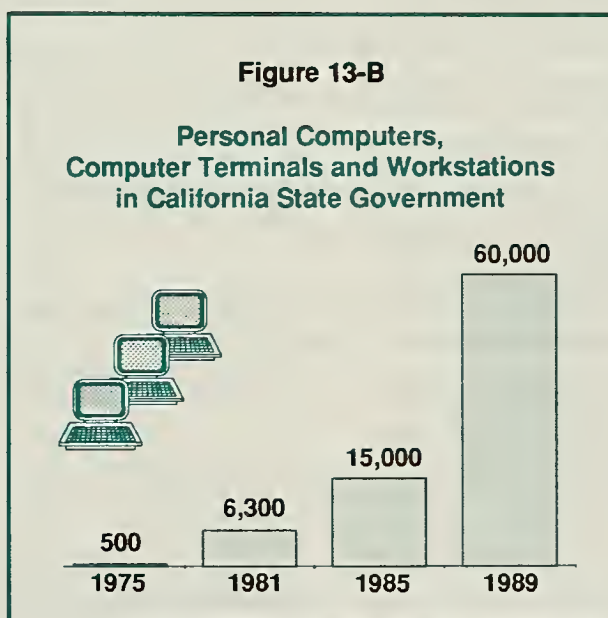
Many of the recent developments in information technology have been geared toward bringing information processing closer to these workers.

- More than 60,000 workstations (computer terminals, personal computers and engineering workstations) support the information requirements of individual state workers (see Figure 13-B). These devices may be part of a local area or agency network or even link directly to a data center. Applications at the workstation level typically serve the purpose of supporting personal productivity.

Cost-effective Applications. State agencies have been alert to the opportunities for improved management presented by innovations in data processing and telecommunications. Among the innovative applications of information technology currently in operation or under development in the state are:

- Expert Systems—Expert systems fall within the more general information technology category of artificial intelligence. An expert system makes an expert's expe-

"The Deukmejian Administration took office in January of 1983 with a primary objective to improve the efficiency of State government without increasing its size beyond the necessary levels."



rience, hunches, rules, and even educated guesses available to others. As job performance aids, these systems can act as assistants to decision-makers, providing them with advice about how to solve a particular problem. The Department of Justice has developed a Forensic Serology Advisory System that incorporates the best expertise available in its criminalistics laboratories on the analysis of bloodstains, and the Health and Welfare Agency Data Center has established an Expert Systems Laboratory to support its client agencies.

- **Relational Data Bases**—The Department of Motor Vehicles (DMV) has adopted relational data base technology as its approach to reorganizing its enormous driver licensing, vehicle registration and occupational licensing files. Redesign of its data bases will enable DMV to improve its services to California's motoring public and to effectively respond to new legislation, federal mandates and Administration goals.
- **Hypertext**—At its most basic level, hypertext lets users connect screens of information using whatever associative links suit their particular purposes. The information they seek need not be limited to traditional textual information, but may include graphics, audio, even video. The Toxics Substances Control Division of the Department of Health Services is developing a hypertext application to assist those who are responsible for dealing with inquiries about the disposal of toxics. A hypertext version of the portion of the State Administrative Manual dealing with information technology is being prepared by the Office of Information Technology.
- **Geographic Information Systems**—A geographic information system presents information spatially in map format. Geographic information systems are being used by departments in the Resources

Agency to map California farmlands and wildlife habitat, locate recycling centers and manage wildlife populations; by the Department of General Services to locate state property; by the Department of Finance to display demographic and census data; by the Department of Transportation to route oversized and dangerous cargoes; and by the Department of Health Services to license toxic sites.

- **Computer-Aided Design and Drafting**—Computer-Aided design and drafting (CADD) is being used by the California Department of Transportation in planning, constructing and maintaining more than 15,000 miles of highways and freeways. A combination of graphics terminals and intelligent engineering workstations permits a continuous flow in the highway design process. This technology is also being used by the Department of Water Resources to maintain the state's

aqueduct, by the Military Department to prepare engineering plans and drawings, and by the State Architect to plan new state facilities.

Other innovative information technologies employed by state agencies include fibre optics telecommunications networks, optical disk data storage, automated fingerprint identification, and high-volume electronic publishing.

Economic Partnerships. When it comes to electronics, California has the home field advantage. California firms employ more electronics workers than the next three states combined. Over half of the computer chip companies started worldwide in the past ten years have started in California. California firms have 50 percent of the independent software revenue in the nation; and nearly one third of the country's microcomputer producers and suppliers are California companies. (Table 13-1)

Table 13-1

The California Difference

California leads the nation in:	Percentage of nation
Microcomputer-related companies—2,081	29
Microcomputer production—\$3 billion	26
Value of computer shipments—\$10 billion	36
Computer employment—115,800	11
Peripheral equipment manufacturing—\$3.1 billion	11
Semiconductor manufacturers—94	46
Value of semiconductor shipments—\$4 billion	32
Semiconductor employment—52,500	38
Independent software production—\$1.8 billion	20
Software employment—32,000	20
Total electronics industry employment—598,000	24

Source: California Department of Commerce

Under the auspices of recently enacted legislation, the State of California is establishing working partnerships with a number of California-based firms that are leaders in the development of advanced information technologies. The companies' expertise in technology will provide significantly enhanced computing solutions for state workers, strengthening the state's information management capabilities. In addition, the success of these strategic partnerships will further California's continuing technological leadership.

Through its Advanced Technology Laboratory, Teale Data Center is entering into joint venture agreements with high technology companies and its client agencies to bring new technologies to bear against operational problems in a controlled environment. The Laboratory's first project has involved connecting disparate microcomputers, terminals, standalone word processors, and other equipment to enable communication among the devices. Results of the project are now being implemented on a production basis in the Department of Education.

The State of California has established a working relationship with many private sector firms as a means of exploring ways of incorporating the results of these partnerships into workable solutions for government. In doing so, the state is encouraging the development of more competitive American products, as well as receiving the benefits of the latest technological advancements. Growth in the high technology industry not only creates jobs and opportunities, but keeps California on the leading edge of development.

Budget Highlights. Among the significant new and continuing projects proposed in the 1990-91 Governor's Budget are:

Air Quality Modeling—Air Resources Board. The 1990-91 Governor's Budget includes \$300,000 to continue and expand the use of a supercomputer to process simulations of the atmospheric processes that result in air pollution. Modeling

of atmospheric conditions is one of the most complex and demanding applications of information technology because of the very large number of variables that must be included in each simulation. These studies provide projections of air quality in future years and support implementation of the California Clean Air Act by providing a basis for the evaluation of the efforts of air pollution control districts.

Food Safety—Department of Food and Agriculture. Under legislation recently signed by the Governor, the Department is expanding its pesticide regulation and reporting activities to give the citizens of California increased assurance that the farm produce they consume is free of harmful chemicals. In support of this expansion, the Governor's Budget for 1990-91 includes \$485,000 for new and enhanced databases dealing with pesticide ingredients, acute toxicity reports, and pesticide-related research studies.

Fingerprint Automation—Department of Justice. Funding in the amount of \$4 million is included in the 1990-91 Governor's Budget for continued expansion of the Cal-ID System. This funding is necessary to support an increasing workload and increasing volumes of data transmission and to enhance and continue Cal-ID Remote Access Network (RAN) assistance to local law enforcement agencies. The RAN Master Plan, which specifies the equipment available for local agency purchase, has been amended to include live read fingerprint equipment, facsimile machines and point-of-booking terminals. Live read fingerprint equipment will greatly improve the quality of fingerprint cards and provide as many prints as needed.

Safety of Dams—Department of Water Resources. To provide protection to the people of California and their property, the Department is responsible for supervising the design, construction, maintenance and operation of more than 1,200 privately- and publicly-owned dams and reservoirs in the state. The Gov-

“Growth in the high technology industry not only creates jobs and opportunities, but keeps California on the leading edge of development.”

error's Budget includes \$174,000 for information technology hardware and software to provide Department engineers with advanced analytical capabilities for assessing structural stability and other safety factors.

Computer-Aided Dispatching—California Highway Patrol. The Highway Patrol is responsible for safe and efficient movement of traffic and enforcement of the Vehicle Code within the state. A substantial portion of its activities require dispatching patrol units and emergency vehicles to the scene of accidents or to assist motorists. In response to its growing workload, the Patrol is undertaking a program to implement computer-aided dispatch systems to automate the call-taking and dispatching functions of its communications centers. Accordingly, the Governor's Budget includes \$3.9 million for installation of computer-aided dispatching in six centers.

Educational Computing—California Youth Authority. The Governor's Budget includes \$160,000 to establish a statewide information system to support the administration of education programs for the 8,500 juveniles incarcerated in Youth Authority institutions. The system will reduce the amount of time required for teachers to gather, maintain and analyze information about students; increase the efficiency of the assignment of wards to specific educational programs; and improve the monitoring and evaluation of programs.

Computer-Aided Drafting and Design—Department of Transportation. The Department employs Computer-Aided Drafting and Design (CADD) technology to streamline and standardize the planning, construction and maintenance of highways and freeways. The Governor's Budget for 1990-91 includes \$4.6 million for expansion of the Department's CADD capability. This expansion is in support of new departmental workload arising out of local tax measures.

Employee Compensation

The Governor's long standing salary and benefits policy is to compensate employees in relation to their performance. Encouraging productivity and creativity through the compensation program is the key to building efficient state government and, as a result, effective delivery of services to the public. Since assuming office, the Governor has increased state employee salaries by approximately 43 percent, including special salary adjustments in certain classifications. The salary and benefit increases have resulted in salaries for state employees which are competitive with salaries for similar employment outside of state service.

In addition, significant improvements to benefits for employees have been adopted. These improvements include:

- enhanced dental benefits;
- provision of a vision care benefit;
- adoption of a two-tier retirement structure providing employees with an optional retirement plan;
- enhanced retirement benefits for peace officers and firefighters and added retirement program security for all employees in full compliance with federal legislation;
- an optional flexible benefits program to allow tailoring of benefits, within a fixed dollar allotment, to meet individual and family needs;
- an optional long-term disability program to supplement disability retirement benefits for non-represented employees;
- optional deferred income savings plans;
- establishment of child care program services for state employees through the State Employee Child Care Program (the program has assisted in the establishment of approximately 15 child care centers providing services to over 900 children);
- graduated vesting approach to health benefits coverage for annuitants to provide a level of health benefit coverage in retirement that

is consistent with the employee's length of service;

- procedures to implement the Governor's Executive Order for a drug free workplace; and
- reduction in sick leave usage through an incentive program to encourage less use; as a result average sick leave use has been reduced from 9.1 to 8.3 days per employee/per year.

In total, this Administration's efforts to retain and reward productive employees for their services have been demonstrated by providing competitive salary increases and creative benefit additions and options.

Higher education salary and benefit programs for faculty and nonfaculty employees are based on similar objectives. Additional information on these programs is contained in the Higher Education Section of this Budget Summary.

1990-91 Compensation Program. The Governor's ability to provide compensation programs that foster recruitment and retention of an efficient state workforce is realized through the collective bargaining process.

In 1988-89, the Administration and all 20 bargaining units ratified multi-year economic agreements for 1988-89 through the 1990-91 fiscal years, inclusive.

The 1989-90 budget provided an average salary increase of up to 4 percent on January 1, 1990, and an additional \$32 million for special salary and other adjustments, including health, dental and vision benefit increases.

In 1990-91, a salary increase commensurate with the increase in the U.S. Consumer Price Index is proposed. In accordance with the ratified agreement, the proposal provides a maximum salary increase of up to 5 percent but no less than a 3 percent increase effective January 1, 1991, and health, dental and vision benefits.

These agreements build upon the significant compensation improve-

ments offered by this Administration since 1982–83 and have greatly strengthened the economic position of state employees, both with respect to past special salary adjustments and inflationary trends.

State and Local Facility Needs

Infrastructure. The strength of the state's economy is dependent on the condition of basic facilities, equipment and installations such as roads, water supply systems, waste treatment systems and institutional facilities. Since entering office in 1983, the Governor has placed a high priority on developing and maintaining the local and state infrastructure. In April 1983, the Governor convened a task force to examine the then current and future state and local structural needs and shortfalls. The 1990–91 Budget proposals, as well as those of the past several years, focus on the needs identified by the Task Force report.

Bond Debt. Bond financing is an accepted form of long-term borrowing under which the state raises money by issuing voter-approved financial securities, or General Obligation Bonds, to investors. General Obligation Bonds are used to finance a wide variety of projects

benefiting the public, including schools, prisons, parks and water treatment facilities.

Figure 13-C displays the General Fund General Obligation Bond sales between fiscal years 1982–83 and 1990–91. Bond sales increased between 1982–83 and 1985–86 and then declined in 1986–87 and 1987–88. This decline was due primarily to the uncertainty surrounding implementation of the Federal Tax Reform Act of 1986. It is estimated that the state will sell \$1 billion in additional General Fund General Obligation Bonds in 1989–90 and \$2.3 billion in 1990–91.

Currently, there are \$4.5 billion of outstanding State General Fund General Obligation Bonds. Figure 13-D provides a breakdown of these outstanding bonds by agency. As the figure shows the Youth and Adult Correctional Agency accounts for slightly over thirty percent of the \$4.5 billion in outstanding bonds. Resources and K–12 Education each account for slightly over twenty-eight percent of the total outstanding. The remaining outstanding bonds are represented by other state agencies, including higher education, health and welfare, general government, and business transportation and housing.

“Since entering office in 1983, the Governor has placed a high priority on developing and maintaining the local and state infrastructure.”

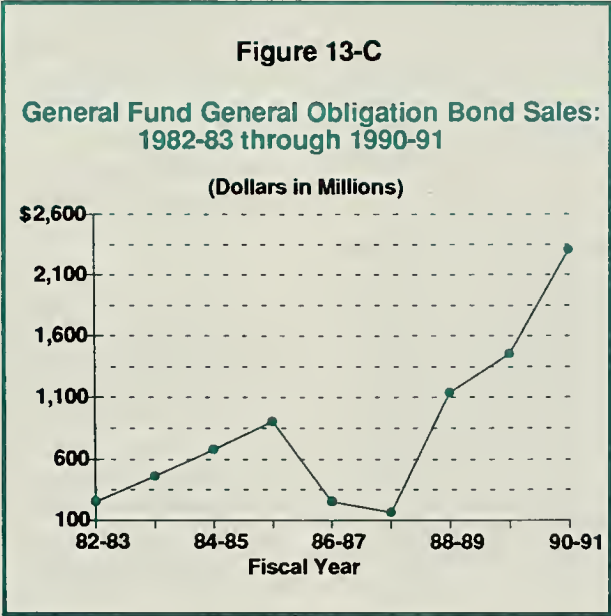
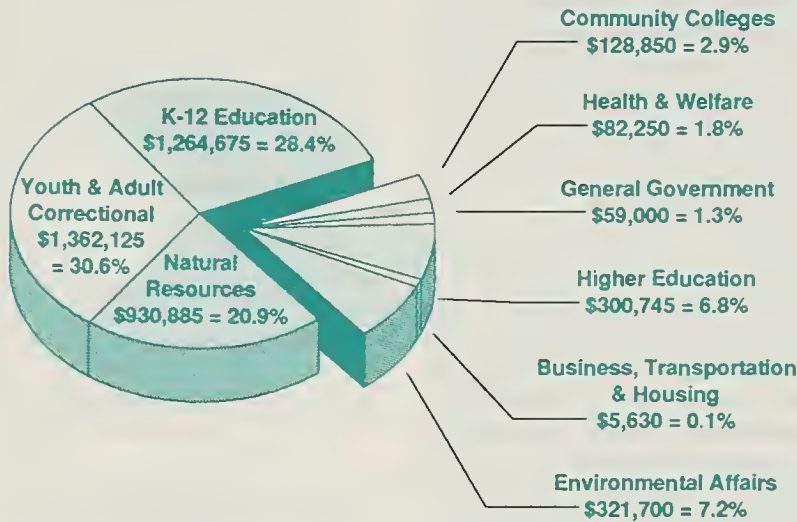


Figure 13-D

**Outstanding General Fund
General Obligation Bonds by Agency**

(Dollars in Thousands)



Even though California currently maintains a modest bond funding level, it is critical that all efforts be made not to over-extend this funding source. The Administration and Legislature have been very discriminating in the projects selected to be funded by bonds. General Obligation Bonds are not now and should not in the future be used as a funding source for general or ongoing expenses, but only for purposes which will provide long-term benefits. Examples of these types of projects include schools, roads and prisons. By following this course, the facilities constructed now will benefit not only the people today, but the generations to come. This type of financing allows the costs of the programs to be spread more equitably to those who benefit from them.

California enjoys a very favorable standing nationwide with its low level of debt service. The state currently spends less than 2.0 percent of all General Fund expenditures for debt service costs. When compared

to a comparison group of 16 major and/or AAA credit-rated states, California ranks fourth best in debt service costs. California also ranks third best among the nine AAA credit-rated states.

The continued depression in world oil prices has had a pronounced impact on one of the state's primary sources of capital outlay financing. In response to this decline in Tidelands Oil Revenues and in order to maintain progress on crucial building programs, the state has moved toward greater use of bond financing for its capital projects. Since the latter half of 1985-86, however, the issuance of bonded debt to finance capital outlay projects has been restricted to a significant degree by uncertainty concerning both the scope and the implementation of the Federal Tax Reform Act of 1986. Legislation signed by the Governor has provided the interim financing needed to start many projects by permitting internal borrowing from the Pooled Money Investment

Account. In the June and November 1988 elections, the voters approved the following General Obligation Bond measures:

**Authorization
(Dollars in Millions)**

School Facilities	
Bond Act of 1988	\$800
1988 School Facilities	
Bond Act.....	800
Higher Education Facilities	
Bond Act of 1988	600
Library Construction and	
Renovation Bond Act	
of 1988.....	75
California Earthquake	
Safety and Housing	
Rehabilitation Bond Act	
of 1988.....	150
Housing and Homeless	
Bond Act of 1988	300
Veterans Bond Act	
of 1988 (Self-	
liquidating bond)	510
Water Conservation Bond	
Law of 1988.....	60
California Safe Drinking Water	
Bond Law of 1988.....	75
Clean Water and Water	
Reclamation Bond Law	
of 1988.....	65
Wildlife, Coastal, and Park	
Land Conservation Bond	
Act (Initiative).....	776
New Prison Construction	
Bond Act of 1988.....	817
County Correctional	
Facility Capital	
Expenditure and	
Youth Facility Bond	
Act of 1988.....	500
Total	\$5,528

While the use of debt financing is essential if efforts to meet the infrastructure needs of California are to continue, it is equally important that the state not overuse this financing source. To do so would place too high a burden a future generations, as well as jeopardize the state's credit rating and increase General Fund debt service requirements to unacceptable levels.

1990–91 Plans. Efforts to meet the state's public facility needs will continue in 1990–91. Table 13-2 summarizes the total program, including projected expenditure levels for the next five years. Highlights of the program are as follows:

- The ongoing six-year Program for Building California, totaling \$39.3 billion, will continue to include expenditures for the traditional projects such as highways, the State Water Project and state institutions. Program funding will also include substantial expenditures for local school construction, statewide underground storage tank remediation, asbestos abatement and PCB-related equipment replacement.
- The program to construct cogeneration equipment and other energy conservation measures at state facilities financed through the sale of revenue bonds also will be continued. The revenue source for the bonds' debt service is the energy cost savings expected to be generated over the term of the bonds.
- The remodeling and construction of county jails and juvenile halls will be continued through the allocation of \$210 million from bond proceeds approved by the voters.
- A total of \$8 million from the Unitary Fund is proposed for the Rural Renaissance program for expenditures on capital projects which will promote the business environment of rural counties.
- Two new General Obligation bonds of \$800 million each to help finance new K–12 school construction, (see K–12 and Community Colleges in this Summary).
- A new General Obligation bond of \$900 million to continue the prison construction program, (see Public Safety in this Summary).
- A new General Obligation bond of \$900 million to continue facilities expansion on the campuses of our public higher education institutions, (see Higher Education in this Summary).

- A new General Obligation bond of \$250 million to focus on seismic safety upgrades in state facilities, (see General Government in this Summary).
- The Passenger Rail and Clean Air Bond Act of 1990 for \$1.0 billion as part of the Administration's transportation plan.

Generally Accepted Accounting Principles

Legislation enacted in 1984 requires the state to conform its financial management system to Generally Accepted Accounting Principles (GAAP) to the maximum extent practicable. The statute reads: "The establishment of a system which does conform to Generally Accepted Accounting Principles will improve the financial management of the state; lead to compliance with the standards established by the National Bond Rating establishment"

GAAP represents uniform minimum standards and guidelines for financial accounting and reporting. The goal of GAAP is to standardize the accounting and financial reporting of organizations regardless of jurisdictional legal provisions and customs. The purpose of "Governmental GAAP" is to provide a uniform set of rules so the presentation of governmental financial reports for taxpayers, bond rating companies, legislators and other readers is consistent from year to year, as well as comparable between governmental entities. California is continuing to implement the provisions of the 1984 legislation. The 1990–91 Governor's Budget provides for the treatment of General Fund encumbrances as a reservation of fund balance rather than expenditures which is consistent with the understanding of the Commission on State Finance. This treatment is consistent with the principles that Encumbrances will continue to be treated as obligations for which goods and services have not

"California enjoys a very favorable standing nationwide with its low level of debt service. The state currently spends less than 2.0 percent of all General Fund expenditures for debt service costs."

been received and which, therefore, should not be shown as expenditures.

Schedule 1, which is located in the Appendix section, reflects implementation of treating encumbrances

as obligations requiring a reserve. Schedule 3A, also located in the Appendix, contains additional information relating to implementation of GAAP.

The Department of Finance will continue to implement GAAP standards as timely and practically as possible.

Table 13-2
Program For Building California
(Dollars in Millions)
(Budgeted Basis)

<i>STATE FACILITIES PROGRAM</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>TOTAL</i>
Highways.....	\$1,512	\$678	\$900	\$895	\$885	\$910	\$5,780
Water Project	521	544	577	611	648	687	3,588
Higher Education.....	482	630	450	450	450	450	2,912
State Hospitals.....	44	40	45	34	33	20	216
CDC and CYA Facilities ¹	1,095	267	808	797	826	833	4,626
Parks and Recreation.....	49	34	46	53	22	11	215
State Facilities Energy Conservation.....	36	46	51	51	51	51	286
Maintenance of State Facilities	836	868	906	947	992	1,039	5,588
Other	43	142	187	200	179	149	900
Total—State Facilities Program	\$4,618	\$3,249	\$3,970	\$4,038	\$4,086	\$4,150	\$24,111
ASSISTANCE TO OTHER ENTITIES							
Toxics Cleanup.....	\$15	\$16	\$15	\$15	\$15	\$15	\$91
K-12 Construction.....	—	1,600	—	2,000	—	2,000	5,600
K-12 Maintenance.....	54	77	52	50	48	45	326
Community Colleges Maintenance.....	106	118	123	128	134	139	748
Streets and Roads —Local Assistance	313	302	299	293	293	293	1,793
—Shared Revenues	626	637	672	685	699	710	4,029
Mass Transportation.....	64	—	—	—	—	—	64
Airports	3	3	3	3	3	3	18
Flood Control.....	20	20	20	20	20	20	120
Safe Drinking Water Project	98	56	56	56	56	56	378
Water conservation, Capital Costs.....	42	32	32	32	32	32	202
Waste Water Treatment	55	105	70	40	55	60	385
Local Jails and Juvenile Facilities	119	210	151	184	183	183	1,030
Parks and Recreation.....	171	164	26	14	14	14	403
Rural Renaissance.....	8	8	—	—	—	—	16
Totals—Assistance to Other Entities.....	\$1,694	\$3,348	\$1,519	\$3,520	\$1,552	\$3,570	\$15,203
Totals—Program for Building California.....	\$6,312	\$6,597	\$5,489	\$7,558	\$5,638	\$7,720	\$39,314

¹ Year-of-appropriation for CDC and CYA facilities represents a proration of Master Plan totals for 1990-91 and later, not specific year-by-year programming.

State Appropriations Limit

SCA 1 not only updates the Proposition 4 spending limit to meet the realities of our growing state, it actually saves the limit from extinction in the face of recent voter-approved initiatives. The adjusted limit will be high enough to allow state spending to grow with the economy, but low enough to help prevent future tax increases. Our proposal will restore a reasonable limit on state spending and ensure that excess revenues are returned to taxpayers as rebates.

Governor George Deukmejian
September 1989

Proposition 4, enacted by California voters in November 1979, and later amended by Proposition 98 in November 1988, permanently altered how state and local governmental entities, including special districts and school districts, may appropriate the proceeds of taxes. The basic premise of Proposition 4 is that there must be a limit on how much of the tax dollars received by these entities may be spent. In accordance with Proposition 4 (codified as Article XIII B, California Constitution), any tax receipts above this limit must be returned to the taxpayers, thereby eliminating the chances

of government expenditure of any overcollection of taxes. Proposition 98 fundamentally changed the way the limit functions for the state by requiring that any excess tax revenues up to a certain amount must be allocated to school districts (K-14). Although a possibility of a return of excess revenues to taxpayers remains after the passage of Proposition 98, it is highly unlikely. Thus, while a spending limit remains for local governmental entities and as a control for non K-14 expenditures at the state level, the limit's control on expenditures has been effectively removed with regard to the K-14 area. It remains necessary for the state to calculate its limit, however, in order to determine the correct levels of appropriations in the non K-14 budget areas.

To implement Proposition 4, all appropriation limits were initially based on the amount of tax dollars appropriated in the 1978-79 "base" year. This dollar amount was recognized as the representative amount of tax dollars required to support the size of government needed to provide essential programs and services to the citizens of California in that year. Acknowledging that the demand on programs and services increases commensurately with increases in population and cost-of-living, Proposition 4 allows governmental entities to annually increase their limits by these two factors.

Tax revenues, to the extent they do not exceed the limit, are considered appropriated whether they are

appropriated for the support of programs or set aside in reserve funds. Tax revenues are subject to the limit in effect in the year in which they are received.

There are certain types of appropriations which are not subject to limitation. These include the costs of retiring voter-approved bonds and the debt costs of bonds in existence when Proposition 4 was enacted. Exceptions also include appropriations required to comply with federal and court mandates. Additionally, the state may exempt subventions to local governments and schools. A subvention is defined as an amount of money appropriated to local government or schools with no restriction on use, and must count as revenue in the local government or school's limit. By far, one of the largest sums subvented by the state is that portion of K-12 financing subvented to K-12 schools for apportionments, totalling \$9.7 billion in 1990-91.

Occasionally, one governmental entity transfers the responsibility for providing services to another governmental entity. When this shift occurs, the limits for each of these entities are reduced and increased, accordingly. A recent example of such a shift was the result of the Brown-Presley Trial Court Funding Act of 1988. Local governments transferred the responsibility of funding their trial courts to the state. Accordingly, they transferred the revenues used to support local trial courts as well as the limit associated with that program to the state.

Limit Trends

In the early years of implementation, the Proposition 4 limitation factors really did not come into play. This was largely due to a high inflation trend, experienced nationally. Because of the high inflation trend, the cost-of-living factors used to annually increase limits grew faster than the revenues received by governments. Therefore, revenues did not exceed the established limits (see Figure 14-A and Table 14-1).

In recent years, however, the reverse has been true and the ramifications of Proposition 4 are now widely felt. Inflation is down, revenues are up, and the Proposition 4 limits are now placing ceilings on governmental spending. Many local governments, faced with increased demands for services, yet hampered by their Proposition 4 limits, have held special elections to increase their limits beyond what existing law would have allowed.

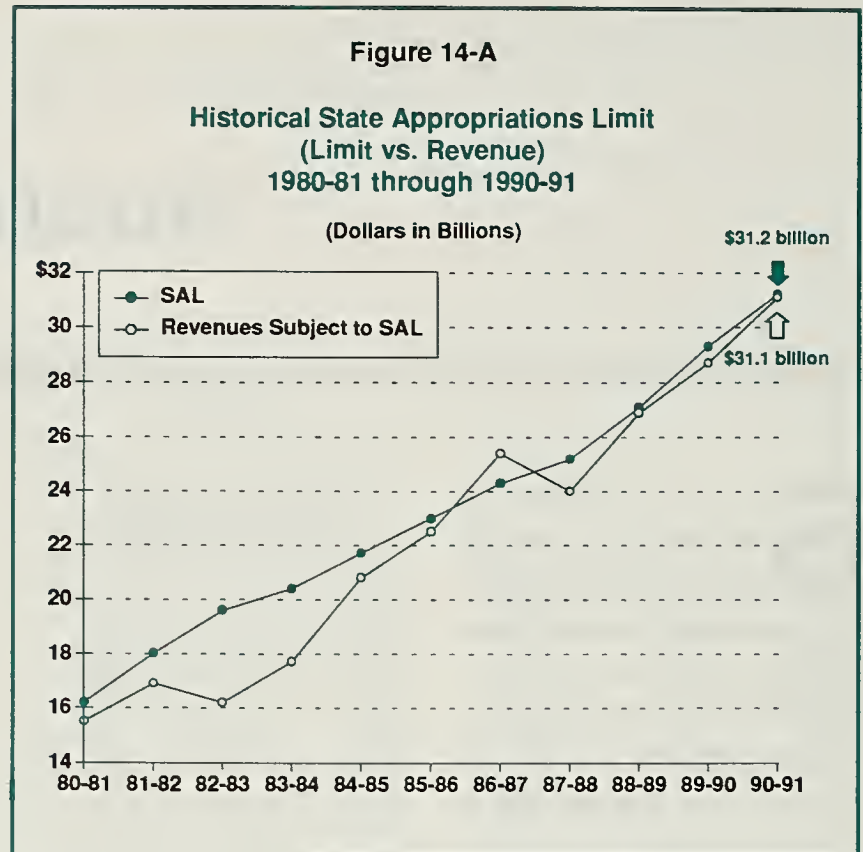


Table 14-1

State Appropriations Limit (Dollars in Millions)

	1978-79 Base	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
State Appropriations Limit	\$12,564	\$14,195	\$16,237	\$18,030	\$19,593	\$20,369	\$21,740	\$22,962	\$24,311	\$25,201	\$27,064	\$29,318	\$31,200
Appropriations Subject to Limit	-	-	-15,535	-16,872	-16,154	-17,737	-20,822	-22,467	-25,449	-24,030	-26,805	-28,666	-31,057
Amount (Over)/Under Limit	-	-	\$702	\$1,158	\$3,439	\$2,632	\$918	\$495	(\$1,138)	\$1,171	\$259	\$652	\$143

Improvements Needed

California is experiencing a population explosion. This results in an increased demand for essential governmental services including education, health care, law enforcement, and highway and transportation improvements. While it is true that limits may be increased by a general

population growth factor, what the existing population factor does not recognize is that certain segments of our population are growing faster than the general populus. These population groups are placing increased demands on schools, health care programs, and law enforcement, the essential services that government provides. To further

complicate matters, the Proposition 4 limits are not keeping pace with the economic growth in California.

Besides the population explosion, California is also experiencing healthy economic growth. Economic growth is evidenced by the establishment of new businesses in our state, new building construction,

increased consumption of goods and services, and a demand for infrastructure improvements. California easily outpaces national economic growth. Yet, the Proposition 4 cost-of-living factor used annually to inflate limits in California historically calls for the use of the U.S. Consumer Price Index. Traditionally, this index is much slower in growth than California's economic year-over-year indicator, the change in California per capita personal income.

In summary, this means that under current law, appropriation limits in California are not keeping pace with the demands placed on government services due to increases in certain segments of our population coupled with our continued strong economic growth.

What the Voters Can Do

In June 1990, the "Traffic Congestion Relief and Spending Limitation Act of 1990" (SCA 1) will be placed on the statewide ballot. This well-conceived proposition, strongly supported by the Governor, Legislature, Superintendent of Schools, business community and many others, would revise how appropriation limits are calculated.

Instead of using the lesser of either the U.S. Consumer Price Index or California per capita personal income, this proposition would

require the state and school districts to use only the change in California per capita personal income. Local governments would have the choice of this factor or an alternate growth factor which would take into consideration the change in the assessed valuation of local commercial construction.

Population factors are also redefined under this proposition for all entities. The changes to the state include increasing the limit to now include growth in the average daily attendance in grades K-12, which is one of the fastest growing segments of our total population.

Overall, this proposition would make very positive changes in limits statewide, allowing limits, including education, to grow more consistently with the growth in our economy. This would provide governments with the ability to meet essential demands placed on government due to economic expansion and population growth. Additionally, other significant changes would be made under this proposition which are discussed in further detail in the Policy Perspective.

Limit Calculation

As mentioned previously, the State Appropriations Limit is based on tax revenues actually appropriated in 1978-79. The limit is adjusted annu-

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California
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placed on
government
services . . ."*

Table 14-2

Income, Population and Price Percentage Change Factors

<i>Price Factor</i>	<i>1979-80 Actual</i>	<i>1980-81 Actual</i>	<i>1981-82 Actual</i>	<i>1982-83 Actual</i>	<i>1983-84 Actual</i>	<i>1984-85 Actual</i>	<i>1985-86 Actual</i>	<i>1986-87 Actual</i>	<i>1987-88 Actual</i>	<i>1988-89 Actual</i>	<i>1989-90 Actual</i>	<i>1990-91 Estimated</i>
U.S. Consumer Price Index, Urban, All Items (1967=100)	10.2	14.7	10.6	6.8	3.6	4.7	3.7	2.3	3.0	3.9	5.0	3.8
California per capita income	12.5	12.1	9.1	12.0	2.4	6.5	7.9	3.4	3.5	4.7	5.2	4.1
Price factor	10.2	12.1	9.1	6.8	2.4	4.7	3.7	2.3	3.0	3.9	5.0	3.8
California Civilian population, January 1	2.1	2.0	2.1	1.8	2.0	1.9	1.9	2.9	2.3	2.5	2.4	2.4
Limit: Price factor times population	12.5	14.4	11.4	8.7	4.4	6.7	5.7	5.3	5.4	6.5	7.5	6.3

ally for inflation using the changes in the U.S. Consumer Price Index or California per capita personal income, whichever of the two changes is less. The limit is also adjusted for California's population growth. Table 14-2 displays the growth factors utilized from 1979-80 to the present. In addition, the state's limit has been adjusted over the years for shifts in financial responsibility, either to or from the state.

Appropriations Subject to the Limit

Beginning with revenues from the General Fund and special funds, Table 14-3 and Figure 14-B display the major adjustments needed to calculate appropriations subject to

the limit. The appropriations subject to limitation are calculated by making certain adjustments to revenues. From the entire General Fund and special funds revenue pool, the revenues from non-tax sources are first subtracted (See Appendix Schedules 14-A and B). Secondly, because the transfer of revenues from non-tax special funds to other tax-based funds may be used for a different purpose than what the revenue was originally intended, these revenues would now be considered tax revenues. Therefore, Appendix Schedule 14-C displays the adjustments made to the revenues for such transfers. Finally, the appropriations exempt from the limit, such as the \$9.7 billion K-12 school subven-

tion mentioned previously, are subtracted from the revenues (see Appendix Schedule 14-D). What remains is the amount of revenues which may be appropriated, also known as the Appropriations subject to the limit. This amount is compared to the State Appropriations limit. If the limit is greater than the Appropriations subject to the limit, then limit "room" is available. If the reverse is true, this amount represents the revenues over the limit which must be returned to taxpayers and/or transferred to schools pursuant to Proposition 98. For fiscal years 1989-90 and 1990-91, the state estimates room within the limit of \$652 and \$143 million, respectively.

Figure 14-B

1990-91 Total State Revenues General Fund and Special Funds

(Dollars in Millions)

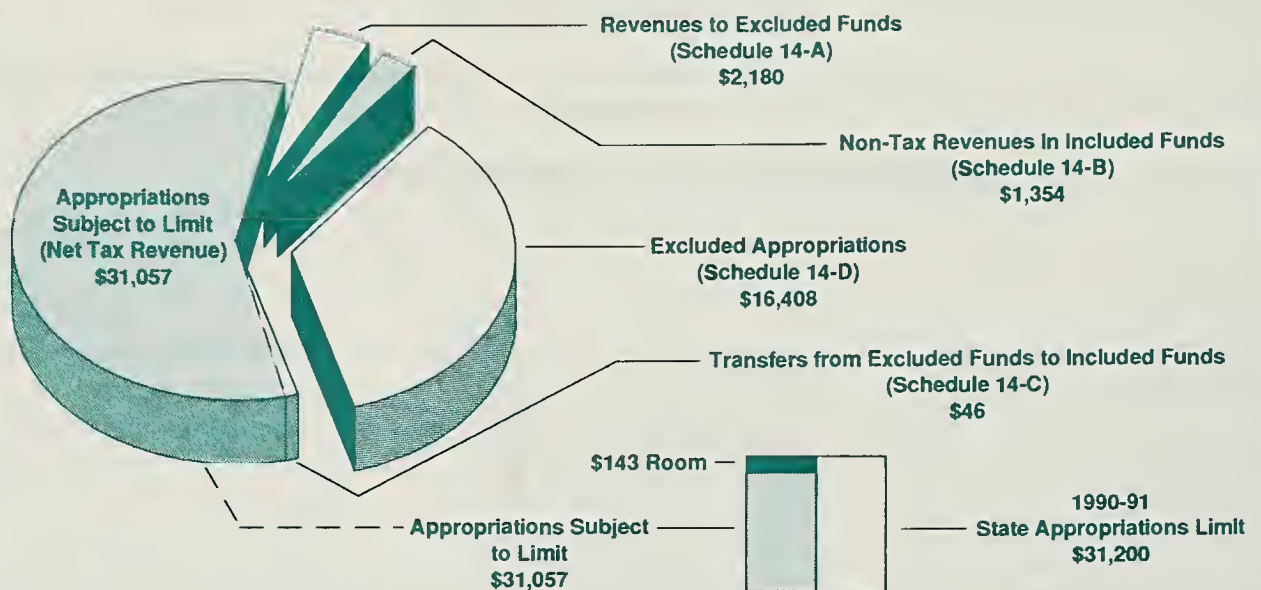


Table 14-3

State Appropriations Subject to Limit
(Dollars in Millions)

	<i>1988-89</i>			<i>1989-90</i>			<i>1990-91</i>		
	<i>GF</i>	<i>SF</i>	<i>Total</i>	<i>GF</i>	<i>SF</i>	<i>Total</i>	<i>GF</i>	<i>SF</i>	<i>Total</i>
Schedule 8									
Revenue.....	\$36,782	\$6,505	\$43,287	\$39,280	\$7,647	\$46,927	\$42,825	\$8,128	\$50,953
Less:									
Schedule 14-A									
Excluded Revenue ...	—	—1,589	—1,589	—	—2,032	—2,032	—	—2,180	—2,180
Schedule 14-B									
Non Tax Revenue.....	—881	—220	—1,101	—1,023	—294	—1,317	—1,041	—313	—1,354
Total SAL Revenue.....	\$35,901	\$4,696	\$40,597	\$38,257	\$5,321	\$43,578	\$41,784	\$5,635	\$47,419
Add:									
Schedule 14-C									
SAL Transfers.....	11	38	49	22	42	64	3	43	46
Total SAL Revenue & Transfers.....	\$35,912	\$4,734	\$40,646	\$38,279	\$5,363	\$43,642	\$41,787	\$5,678	\$47,465
Less:									
Schedule 14-D									
Exclusions	—11,859	—1,982	—13,841	—12,844	—2,132	—14,976	—14,142	—2,266	—16,408
Total SAL Appropriations			—\$26,805			—\$28,666			—\$31,057
Appropriations Limit.....			27,064			29,318			31,200
Room / (Surplus)			\$259			\$652			\$143

Appendix

Budgetary Process

The Governor's Budget is the result of a process which begins more than one year before the budget becomes law. When presented to the Legislature on January 10 of each year, the Governor's Budget incorporates revenue and expenditure estimates based upon the most current information available through late December. In the event that the Governor wants to change the budget presented to the Legislature, including adjustments resulting from changes in population, caseload or enrollment estimates, the Department of Finance proposes adjustments to the Legislature during the budget hearings through Finance Letters. During late spring, usually May and June, the Department of Finance submits revised expenditure and revenue estimates for both the current and budget years to the Legislature. This update process is referred to as the May Revision. The Department of Finance provides a further update on revenues and expenditures to the Legislature during August. Listed below are the key documents used in the budget process.

Title	Purpose	Prepared/Issued By	When
Budget Letters and Management Memos	Convey Administration guidelines for budget preparation to agencies and departments.	Governor/Department of Finance	April through December
Budget Change Proposals	Proposes and documents budget changes to maintain the existing level of service or to change the level of service.	Agencies and departments submit to Department of Finance for analysis	July through September
Governor's Budget	Governor proposes budget for the upcoming fiscal year.	Governor/Department of Finance	January 10
Governor's Budget Summary	A summary of the Governor's Budget.	Governor/Department of Finance	January 10
Budget Bill	Requests spending authorization to carry out Governor's expenditure plan (Legislative budget decision document.)	Department of Finance/Legislature	January 10
Budget Analysis	Analysis of the budget, including recommendations for changes to the Governor's Budget.	Legislative Analyst	February
Budget Update	Compilation of Budget Change letters sent to Fiscal Committees.	Department of Finance	March
May Revision of General Fund Revenues and Expenditures	Update of General Fund revenues, expenditures and reserve estimates based on the latest economic forecast.	Department of Finance	Mid-May
Budget Act	The primary annual expenditure authorization as approved by the Governor and Legislature, including a listing of Governor's vetoes.	Legislature/Governor	Late June
Supplemental Report of the Committee on Conference on the Budget Bill	Contains language on statements of intent and requests for information or studies.	Legislative Analyst	Early July
Final Budget Summary	Update of the individual Budget Act items with changes by the Governor's vetoes, including summary budget schedules.	Department of Finance	Mid-July
Final Change Book	Update of the changes to the detailed fiscal information in Governor's Budget in accordance with the Budget Act.	Department of Finance	Late July
Budget Update	Update of General Fund Revenues	Department of Finance	August
General Fund Update and Financial Legislation Report	Update of revenue and expenditure estimates, including financial legislation.	Department of Finance	November/December

Glossary of Budget Terms

The following budgetary terms are used frequently throughout the Governor's Budget, the Governor's Budget Summary and the annual Budget (Appropriations) Bill. Definitions are provided for terminology which is common to all activities. For definitions of terms peculiar to a specific program area, please refer to the individual budget presentation of interest.

The definitions of other budget-related terms may be found in the State Administrative Manual and in the annual Budget Bill.

Administration Program:

An accounting for departmental central management costs. These include such costs as the Director's Office, Legal Office, Personnel Office, Accounting and Business Services functions that generally serve the whole department.

"Administration-distributed" represents those costs which are more properly distributed to the program activities of a department as indirect costs.

Allocation:

A distribution of funds, or an expenditure limit established for an organization unit.

Allotment:

A part of an appropriation, to be expended for a particular purpose during a specified time period. An allotment is generally authorized on a line-item expenditure basis.

Appropriation:

An authorization from a specific fund to a specific agency to make expenditures/incur obligations for a specified purpose and period of time. The Budget Act contains many appropriations, or items. These appropriation items are limited to one year, unless otherwise specified. Appropriations are made

by the Legislature in the annual Budget Act and in other legislation. Legislation can provide for continuing appropriations (which require no subsequent legislative action) and are also provided by the California Constitution.

Appropriations Limit:

As defined in Section 8 of Article XIII B of the California Constitution, enacted by the passage of Proposition 4 at the November 6, 1979 general election, the growth in the level of certain appropriations from tax proceeds are generally limited to the level of the prior year's appropriation limit as adjusted for changes in cost of living and population. Other adjustments may be made for such reasons as the transfer of services from one government entity to another.

Augmentation:

An increase in an allotment. A control section of the Budget Act authorizes the increase in expenditures for a program, category, or project by transfer from any other program, category, or project within the same schedule. A separate section of the Budget Act authorizes the augmentation of scheduled amounts from other departments, and from the federal government to the extent such funds have not been taken into consideration in the appropriation schedules. Both control sections require the reporting of specified augmentations to the chairperson of the committee in each house which considers appropriations and to the Chairperson of the Joint Legislative Budget Committee.

Authorized Positions:

Those ongoing positions approved in the final budget of the preceding year less positions abolished because of continued, extended va-

cancy. The detail of authorized positions by classification is published in the Salaries and Wages Supplement for each agency. Changes in authorized positions are listed following each department's budget presentation in the Governor's Budget. (See Proposed New Positions.)

Balance Available:

Amount available for appropriation or encumbrance. It is the excess of cash and near-cash assets of a fund over its liabilities and reserves; or commonly called surplus available for appropriation. It is also the unobligated balance of an appropriation which may be encumbered for the purposes of the specific appropriation.

Baseline Budget:

A baseline budget reflects the anticipated costs of carrying out the current level of service or activities as authorized by the Legislature. It includes adjustment for cost increases, but does not include changes in level of service over that authorized by the Legislature.

Budget, Program/Traditional:

A plan of operation for a specific period of time expressed in financial terms. A *program budget* expresses the operating plan in terms of the costs of activities to be undertaken to achieve specific goals and objectives. A *traditional budget* expresses the plan in terms of the costs of the goods or services to be used to perform specific functions.

The Governor's Budget is primarily a program budget. However, a summary of proposed expenditures for goods and services (Summary by Object) is included for State Operations, Local Assistance and Capital Outlay for each department, as well.

Budget Bill/Act:

The Budget Bill is prepared by the Department of Finance and is submitted to the Legislature in January accompanying the Governor's Budget. The Budget Bill is the Governor's proposal for spending authorization for the subsequent fiscal year for on-going programs authorized by the Legislature. The Constitution requires the Legislature to pass the Budget Bill and send it by June 15 each year to the Governor for signature. After signature by the Governor, the Budget Bill becomes the Budget Act.

Budget Change Proposal (BCP):

A proposal to change the level of service or funding sources for activities authorized by the Legislature, or propose new program activities not currently authorized.

Budget Year (BY):

The next fiscal year beginning July 1 and ending June 30 for which the Governor's Budget is submitted. The year following the current fiscal year.

Capital Outlay:

Expenditures which result in the acquisition of or addition to major fixed assets (e.g., land, buildings and equipment related to construction).

Carryover Appropriations:

Appropriations with balances available for expenditure in years subsequent to the year of enactment.

Category:

A grouping of related objects of expenditure (goods or services). Such groupings are primarily Personal Services, Operating Expenses and Equipment, and Special Items of Expense.

Category Transfer:

A control section of the Budget Act provides that the Department of Finance is authorized to augment any category by transfer from any

other category within the same appropriation item schedule.

Augmentations of personal services and operating expenses and equipment categories generally cannot exceed, in the aggregate, 20 percent of the amount scheduled. Lower limits exist for support appropriations which exceed \$2,000,000. (See Category.)

Changes in Authorized Positions:

A schedule included in each budget presentation in the Governor's Budget which reflects personnel staffing changes made subsequent to the adoption of the current year budget (transfers, positions established and reclassifications). It also includes proposed new positions for the budget year.

Character of Expenditure:

A classification of expenditures. (See State Operations, Local Assistance or Capital Outlay.)

Codes, Uniform:

A set of codes, used in all major fiscal systems of California State government, which has been established to identify organizations, programs, funds, appropriation structures, receipts and line-item objects of expenditure. The Uniform Codes Manual, published by the Department of Finance, lists all such uniform codes. (See Section 1.50 of the Budget Act for an explanation of the codes used for Budget Act appropriation items.)

Continuing Appropriation:

Amount, actual or estimated, available each year under a permanent constitutional or statutory expenditure authorization which is automatically renewed each year without further legislative action. The amount available may be a specific, recurring sum each year; all or a specified portion of the proceeds of specified revenues which have been dedicated permanently to a certain purpose; or it may be whatever amount is required for the purpose

as determined by formula—such as school apportionments.

Control Sections, Budget Act:

The Budget Act is divided into sections. Section 1.00 establishes a citation for the legislation. Section 1.50 provides a description of the format of the act. Section 2.00 contains the itemized appropriations for support of the State of California. Sections 4.00 through 36.00 are general sections, also referred to as control sections, which place additional restrictions on one or more of the itemized appropriations contained in Section 2.00.

Cost-of-Living Adjustments (COLAs). Statutory/Discretionary:

Increases provided in state-funded programs which include periodic adjustments predetermined in state law (statutory), e.g., K-12 education apportionments; and adjustments which may be established at optional levels (discretionary) by the Legislature each year, e.g., Urban Impact Aid.

Current Year (CY):

The fiscal year beginning July 1 and ending June 30. The time period we are in now.

Encumbrance:

A limitation or reserve placed on an appropriation to pay for goods or services which have been ordered by means of contracts, salary commitments, etc., but not yet received.

Expenditure:

Generally, this term designates the amount of an appropriation used for goods and services ordered and received whether paid or unpaid, including expenses, provisions for debt retirement not reported as a liability of the fund from which retired, and capital outlays where the accounts are kept on an accrual basis or a modified accrual basis. Where the accounts are kept on a cash basis, the term designates only actual cash disbursements.

Federal Funds:

In state budget usage, this term describes all funds received directly from an agency of the federal government but not those received through another state department. State departments must initially deposit such federal funds in the Federal Trust Fund, a fund in the State Treasury.

Final Budget:

The final budget is the Governor's Budget as amended by action taken on the Budget Bill. A Final Change Book is published by the Department of Finance after enactment of the Budget Act to reflect the changes made by the Legislature in their review of the Budget Bill and by the Governor by power of item veto. It includes a detailed list of changes by item number.

Finance Letters:

Proposals made by the Director of Finance to the chairpersons of the committees in each house which consider appropriations to amend the Budget Bill and Governor's Budget from that submitted January 10 to reflect a revised plan of expenditure for the Budget Year.

Fiscal Year (FY):

A 12-month state accounting period which varies from the calendar year and the federal fiscal year. In California State government, the fiscal year runs from July 1 through the following June 30. It is the period during which obligations are incurred, encumbrances are made and appropriations are expended. The Governor's Budget presents three years of detailed fiscal data for the past, current and budget years.

The state fiscal year is often referenced by the first calendar year of the fiscal year, e.g., "90" or "1990" means the 1990-91 fiscal year. By contrast, the federal 1990-91 fiscal year is often referenced as "91" or "1991," and lasts from October 1 through September 30.

Fund Balance:

Excess of the assets of a fund over its liabilities and reserves. (See Balance Available, Special Fund for Economic Uncertainties and Surplus.)

Fund Condition Statement:

A statement included in the Governor's Budget for each special fund, special accounts in the General Fund, selected bond funds and Governmental Cost funds to disclose the fund assets, liabilities, reserves and surplus.

Funds:

A legal entity that provides for the segregation of moneys or other resources in the State Treasury for specific activities or obligations in accordance with specific restrictions or limitations. A separate set of accounts must be maintained for each fund to show its assets, liabilities, reserves and surplus (fund balance), as well as its income and expenditures. The assets of a fund may also be placed into separate accounts to provide for limitations on specified fund income or expenditures. (See "Description of Fund Classifications in State Treasury.")

General Fund:

The General Fund is the predominant fund for financing State operations. It is used to account for revenues which are not specifically designated to be accounted for by any other fund. The primary sources of revenue for the General Fund are the personal income tax, sales tax and bank and corporation taxes. A complete itemization of the revenue sources are listed in Schedule 8. The General Fund is used as the major funding source for education (K-12 and higher education), health and welfare programs, youth and adult correctional programs and tax relief. Schedule 9 provides a listing of expenditures for the General Fund.

Item:

(See Appropriation.)

Governmental Cost Funds:

(See Special Funds.)

Limited-Term Positions:

A limited-term position is any position which has been authorized for a specific length of time with a set termination date. Limited-term positions may be authorized during the budget enactment process or in transactions approved by the Department of Finance.

Line Item:

(See Objects.)

Local Assistance:

Expenditures made for the support of local government activities.

Local Mandates:

(See State-Mandated Local Program.)

Merit Salary Adjustment:

A cost factor resulting from the periodic increase in salaries paid to personnel occupying authorized positions. Personnel generally receive a salary adjustment of 5 percent per year to recognize proficiency in the work performed up to the upper salary limit of the work classification.

Minor Capital Outlay:

Minor Capital Outlay consists of construction projects or equipment acquired to complete a construction project estimated to cost less than \$250,000.

Objects (line items):

A subclassification of expenditures based on type of goods or services. For example, the Personal Services category includes the objects of Salaries and Wages and Staff Benefits. These may be further subdivided into line items as State Employees' Retirement, Workers' Compensation, etc. Objects do not reflect a function or purpose to be served by the expenditure. A Summary by Object is provided for each department's budget in the Governor's Budget for State Operations, Local Assistance and Capital Outlay ex-

penditures. The Department of Finance publishes a Uniform Codes Manual which reflects the standard line-item objects of expenditure.

Past Year (PY):

The fiscal year just completed. (See Fiscal Year.)

Personnel Years:

The actual or estimated portion of a position expended for the performance of work. For example, a full-time position which was filled by an employee for half of a year would result in an expenditure of 0.5 personnel years.

Positions:

(See Authorized Positions.)

Programs:

The activities of an organization grouped on the basis of common objectives. Programs are comprised of elements, which can be further divided into components and tasks (the lowest defined program activity).

Proposed New Positions:

A request for an authorization to expend funds for the employment of additional people for the performance of work. Proposed new positions may be for limited-time periods (limited term) and for full or less than full-time. Proposed new positions may be for an authorization sufficient to employ one person, or for a sum of funds (blanket) from which several people may be employed.

Reappropriation:

The extension of the availability of an appropriation for expenditure beyond its set termination date and/or for a new purpose. Reappropriations are usually authorized by the Legislature for one year extensions at a time.

Receipts:

Describes an increase in the assets of a fund including revenues as well

as transfers from other funds, federal receipts and fund reimbursements.

Reconciliation With Appropriations:

A statement in each budget presentation which sets forth the source and amount of appropriations, by fund, available to the department and the disposition of such appropriated funds. Statements are presented by fund for each character of expenditure, i.e., State Operations, Local Assistance and Capital Outlay.

Reimbursements:

Amount received as a repayment of the cost of work, or service performed, or of other expenditures made for or on behalf of another governmental unit or department. Reimbursements represent the recovery of an expenditure. Reimbursements are available for expenditure in accordance with the budgeted amount (scheduled in an appropriation).

Special Fund for Economic Uncertainties:

Statutes and the control sections of the Budget Act provide for the establishment of a Special Fund for Economic Uncertainties and a reserve in each special fund to provide for emergency situations. The appropriation of such funds from the reserves are not subject to the appropriation limits imposed on other appropriations. (See Appropriations Limit.)

Reserve:

An amount set aside in a fund to provide for expenditures from the unencumbered balances of continuing appropriations, economic uncertainties, future apportionments, for pending salary or price increase appropriations and appropriation for capital outlay projects.

Revenue:

The addition to cash or other current assets of governmental funds

(receipts) which do not increase any liability or reserve and do not represent the recovery of an expenditure, i.e., reimbursements. Generally, revenue is derived from taxes, licenses and fees or investment earnings.

Reversion:

The return of the unused portion of an appropriation to the fund from which the appropriation was made. The undisbursed portion of an appropriation reverts two years after the last day of availability for encumbrance. The Budget Act often provides for the reversion of unused portions of appropriations when such reversion is to be made prior to the statutory limit.

Salary Savings:

Salary savings reflect personnel cost savings resulting from vacancies and downward reclassifications as a result of turnover of employees. The amount of budgeted salary savings is an estimate generally based on past year experience.

Special Funds:

Special funds is a generic term used for "governmental cost funds" other than the General Fund. Governmental cost funds generally are commonly defined as those funds used to account for revenues from taxes, licenses and fees where the use of such revenues is restricted by law for particular functions or activities of government. Examples of special funds are the transportation funds, fish and game funds and the professions and vocation funds. Revenues and expenditures of special funds are summarized in Schedules 8, 9 and 10.

Staff Benefits:

The staff benefits object represents the state costs of contributions for employees' retirement, OASDI, health and welfare benefits, workers' compensation, unemployment insurance, industrial disability leave benefits and nonindustrial disability leave benefits.

State-Mandated Local Program:

State reimbursements to local governments for the cost of activities required by legislative and executive acts. This requirement was established by Chapter 1406, Statutes of 1972 (SB 90) and further ratified by the adoption of Proposition 4 (a constitutional amendment) at the November 6, 1979 general election. (See Governor's Budget: 8885 Commission on State Mandates.)

State Operations:

Expenditures for the support of State government, exclusive of capital investments and expenditures for local government activities.

Summary by Object:

A summary of actual past year and estimated current and budget year expenditures for goods and services for each organization presented for State Operations, Capital Outlay and Local Assistance expenditures.

Summary of Program Requirements:

At the front of each departmental budget is a Summary of Program Requirements. It presents the various departmental programs by title, dollar totals and source of funds for the past, current and budget years.

Summary Schedules:

The Governor's Budget includes schedules which summarize state revenues, expenditures and other fiscal and personnel data for the past, current and budget years. (See Schedules 1-14.)

Tax Expenditures:

Subsidies provided through the taxation systems.

Transfers:

As reflected in fund condition statements, reflects the movement of resources from one fund to another based on statutory authorization or specific legislative transfer appropriation authority.

Description of Key Schedules

The Budget includes summary information in various schedules. The following schedules are those which may be the most useful for the public, private sector, or other levels of government:

SCHEDULE 1. *General Budget Summary*—Provides for a fund condition statement for the General Fund and the total of the Special funds plus expenditure totals for the Selected Bond funds.

SCHEDULE 2. *Total State Spending Plan*—Provides in a single schedule the State's total spending plan. In addition to the General Fund, Special funds, and Selected Bond funds, expenditures from Nongovernmental Cost funds and Federal funds are shown.

SCHEDULE 3A. *Total State Spending Plan by Generally Accepted Accounting Principles (GAAP) Fund Classifications*—Provides in a single schedule the State's Total Spending Plan (Schedule 2) rearranged into GAAP Fund Classifications.

SCHEDULE 3B. *Comparison of California's Current Fund Structure to Recommended GAAP Fund Classifications*—Provides a comparison of California's Current Fund Structure to recommended GAAP Fund Classifications.

SCHEDULE 4A. *Personnel Years and Salary Cost Estimates*—Provides personnel year data and corresponding dollar amounts by functional breakdown and position classifications. This schedule reflects net data after salary savings.

SCHEDULE 4B. *Positions and Salary Cost Estimates*—Provides position and personnel year data and corresponding dollar amounts by functional breakdown. This schedule reflects both gross data before salary savings and net totals, salaries and wages.

SCHEDULE 5. *Summary of State Population, Employees, and Expenditures*—Provides historical data of State population, employees and expenditures.

SCHEDULE 6. *General Fund—Analysis of Change in Reserves*—Provides a comparison of the General Fund amounts presented in the previous Governor's Budget to the amounts presented in this Governor's Budget.

SCHEDULE 7. *General Fund: Statement of Financial Condition*—Provides the financial condition of the General Fund as of June 30, 1988 from the most recently available information from the State Controller.

SCHEDULE 8. *Comparative Statement of Revenues*—Provides General Fund and Special fund revenue detailed amounts within three main breakdowns of: (1) major taxes and licenses, (2) other revenues, and (3) transfers.

SCHEDULE 9. *Comparative Statement of Expenditures*—Provides a listing of expenditures in the order of printing of individual budgets from the General Fund, Special funds, Selected Bond funds and Federal funds for State operations, local assistance and capital outlay.

SCHEDULE 9A. *Proposition 98 General Fund Guarantee*—Provides a listing of appropriations for Education programs for grades K-14 and other state agencies providing direct elementary and secondary level instructional services which are subject to Proposition 98 passed by the electorate in November of 1988.

SCHEDULE 10. *Summary of Fund Condition Statements*—Provides for the General Fund and each Special fund the beginning reserve, income, expenditures, transfers, and ending reserve for

each of the three fiscal years displayed in the Governor's Budget.

SCHEDULE 11. *Statement of Cash and Securities*—Provides a listing of cash, securities and amounts due from the Surplus Money Investment Fund for all funds maintained in the State Treasury.

SCHEDULE 12. *Comparative Statement of Expenditures as Required by Law*—Provides a listing of expenditures authorized by constitutional or statutory appropriation authority.

SCHEDULE 13. *Statement of Bonded Debt*—Provides a listing of all general obligation bonds as of December 31, 1988 including maturity dates, authorized amount of bond issues, unsold issues, redemptions and outstanding issues.

SCHEDULE 14A. *Revenues to Excluded Funds*—Provides a listing of revenues to special funds that are not included in the calculation of total appropriations subject to the State Appropriations Limit.

SCHEDULE 14B. *Non-tax Revenues in Funds Subject to Limit*—Provides a total of non-tax revenues for General and Special funds deposited in funds that are included in the calculation of total appropriations subject to the State Appropriations Limit.

SCHEDULE 14C. *Transfers from Excluded Funds to Included Funds*—Provides a listing of transfers between funds that are included in calculating the appropriations subject to the Limit.

SCHEDULE 14D. *Expenditures Excluded from Limit by Agency*—Provides a distribution of actual gross appropriations that are excluded from appropriations subject to the limit.

Description of Fund Classifications in the State Treasury

Revenues and expenditures in the program budget and the summary schedules reflect the activities of many separate funds. Schedules 10 and 11 provide a complete list of these funds. The Index lists those funds for which Fund Conditions are included in the budget and references the page number. General Fund and Special Fund expenditures represent the cost of government and are included in budget totals, and along with selected Bond Funds, are included in the overall expenditure totals. In 1981-82 the State of California began to change classification of funds in the state treasury to conform to Generally Accepted Accounting Principles as set forth by the National Council on Governmental Accounting. Schedule 3 includes a description of these changes and shows their effect on the 1990-91 budget totals.

General Fund. Used to account for all revenues and activities financed therefrom which are not required by law to be accounted by any other fund. Most state expenditures are financed from the General Fund. Normally, the only difference between the General Fund and the other governmental cost funds is the restriction placed on the use of the other governmental cost funds.

Special Funds. Consists of governmental cost funds used to account for taxes and revenues which are restricted by law for particular functions or activities of govern-

ment. The funds included in these classifications are primarily for the regulation of businesses, professions and vocations; transportation; law enforcement and capital outlay.

General Fund Special Accounts. Legislatively created accounts or dedicated revenues within the General Fund. Moneys credited to such accounts may be used only for the purposes specified in the legislation. As a result of Chapter 942, Statutes of 1977, these special accounts are treated as special funds and revenues and expenditures are included in the special funds totals in the summary schedules of the budget. They are therefore excluded from the General Fund unrestricted revenues, expenditures and reserves.

Other Funds. See Schedule 11 for a list of funds which do not represent a cost of government. Expenditures from these funds are not included in the budget totals. They consist of moneys which were derived from sources other than general or special taxes, licenses, fees or other state revenues. Included are receipts from the Federal Government, funds created for accounting purposes, receipts from sale of lands, or moneys held in trust. These funds are segregated into the following classifications:

Working Capital and Revolving Funds. Funds created to finance internal service activities rendered by a state agency to other state

agencies or to local governments for which charges are made at cost. The charges are reflected as expenditures in the budget of the agency receiving the commodity or service.

Public Service Enterprise Funds. Self supporting activities operated by the State for the benefit of the public. Funds are derived from charges to those who use the service and no support is derived from taxes, licenses or other state revenues.

Bond Funds. Used to account for the receipt and disbursement of proceeds from the sale of bonds and to finance projects for which the bonds were authorized. Expenditures are considered a cost of government at the time interest payments are made and as the bonds are redeemed.

Retirement Funds. Moneys held in trust by the State for retirement benefit payments.

Trust and Agency Funds. Funds holding moneys in trust pending disbursements to trustors, moneys received from the Federal Government to be expended for specific purposes, and other funds which do not derive their sources from taxes or other state revenues, or are in the nature of transitory funds created for the convenience of accounting receipts or disbursements which are not necessarily revenues or expenditures.

Selected Bond Funds

Selected bond funds are General Obligation Bond funds which are non-self liquidating. Included in the overall expenditures totals of Schedules 1 and 9 for budget purposes are expenditures from the selected bond funds, the following page provides a complete listing of all selected bond funds.

<i>Fund No.</i>	<i>Fund Name</i>
788	California Earthquake Safety and Housing Rehabilitation Bond Account
794	California Library Construction and Renovation Fund
707	California Safe Drinking Water Fund
793	California Safe Drinking Water Fund of 1988
719	California School Finance Authority Fund
786	California Wildlife, Coastal and Park Land Conservation Fund of 1988
737	Clean Water and Water Conservation Fund
764	Clean Water and Water Reclamation Fund of 1988
734	Clean Water Fund
740	Clean Water Bond Fund of 1984
716	Community Parklands Fund
796	County Correctional Facility Capital Expenditure and Youth Facility Bond Fund of 1988
711	County Correctional Facility Capital Expenditure Fund of 1986
725	County Jail Capital Expenditure Fund, Bond Act of 1981
727	County Jail Capital Expenditure Fund, Bond Act of 1984
748	Fish and Wildlife Habitat Enhancement Fund
755	Flood Control Bond Fund
754	Forestry and Wildlife Fire Protection Bond Fund
718	Health Science Facilities Construction Program Fund
782	Higher Education Capital Outlay Bond Fund
785	Higher Education Capital Outlay Bond Fund of 1988
791	Higher Education Capital Outlay Bond Fund of 1990
714	Home Building and Rehabilitation Fund
720	Lake Tahoe Acquisitions Fund
723	New Prison Construction Fund
781	New Prison Construction Revenue Fund
721	Parkland Fund of 1980
722	Parkland Fund of 1984
724	Prison Construction Fund of 1984
746	Prison Construction Fund of 1986
747	Prison Construction Fund of 1988
751	Prison Construction Bond Fund of 1990
728	Recreation and Fish and Wildlife Enhancement Fund
749	Refunding Escrow Fund
789	School Facilities June 1988 Bond Account, State School Building Lease-Purchase Fund
776	School Facilities November 1988 Bond Account, School Building Lease-Purchase Fund
715	SSC Development Fund
732	State Beach, Park, Recreational and Historical Facilities Fund of 1964
733	State Beach, Park, Recreational and Historical Facilities Fund of 1974
730	State Coastal Conservancy Fund of 1984
736	State Construction Program Fund
743	Bond Proceeds Account, State School Building Lease-Purchase Fund
742	State, Urban and Coastal Park Fund
744	Water Conservation Water Quality Bond Fund of 1986
790	Water Conservation Fund of 1988
787	Wildlife and Natural Areas Conservation Fund (subfund of 786)

Schedule 1
GENERAL BUDGET SUMMARY ^a
(In thousands)

	<i>Reference to Schedule</i>	<i>General Fund</i>	<i>Special Funds</i>	<i>Budget Expenditure Totals</i>	<i>Selected Bond Fund Expenditures</i>	<i>Expenditure Totals Including Bonds</i>
<i>1988-89^b</i>						
Prior year resources available.....	10	\$53,558	\$1,146,315			
Revenues and transfers.....	8	36,952,899	6,368,770			
Expenditures.....	9	35,897,298	6,222,892	\$42,120,190	\$2,514,183	\$44,634,373
Fund Balance ^g	7	\$1,109,159	\$1,292,193			
<i>Budget Reserves.....</i>		<i>880,159</i>	<i>-</i>			
<i>Less Reserve for Proposition 98 (Unspent Appropriations).....</i>		<i>- 23,677</i>	<i>-</i>			
<i>Special Fund for Economic Uncertainties ^c</i>		<i>856,482</i>	<i>-</i>			
<i>Reserves for Economic Uncertainties ^c.....</i>		<i>-</i>	<i>1,292,193</i>			
<i>Reserve for Liquidation of Encumbrances ^f....</i>		<i>229,000</i>	<i>-</i>			
<i>1989-90</i>						
Prior year resources available.....	7	\$1,109,159	\$1,292,188			
Revenues and transfers	8	39,775,355	7,304,453			
Expenditures	9	40,069,922	7,761,596	\$47,831,518	\$2,270,987	\$50,102,505
Fund Balance ^g	10	\$814,592	\$835,045			
<i>Budget Reserves.....</i>		<i>641,761</i>	<i>-</i>			
<i>Less Reserve for Education (K-14) ^d.....</i>		<i>- 106,169</i>	<i>-</i>			
<i>Less Reserve for Proposition 98 (Unspent Appropriations) ^e.....</i>		<i>- 23,677</i>	<i>-</i>			
<i>Special Fund for Economic Uncertainties ^c</i>		<i>511,915</i>	<i>-</i>			
<i>Reserves for Economic Uncertainties ^c.....</i>		<i>-</i>	<i>820,676</i>			
<i>Reserve for Earthquake (Disaster Relief Fund).....</i>		<i>-</i>	<i>14,369</i>			
<i>Reserve for Liquidation of Encumbrances ^f....</i>		<i>279,000</i>	<i>-</i>			
<i>1990-91</i>						
Prior year resources available.....	10	\$814,592	\$835,039			
Revenues and transfers	8	43,102,192	7,869,815			
Expenditures	9	42,612,736	7,911,649	\$50,524,385	\$3,213,265	\$53,737,650
Fund Balance ^g	10	\$1,304,048	\$793,205			
<i>Budget Reserves.....</i>		<i>1,245,048</i>	<i>-</i>			
<i>Less Reserve for Education (K-14) ^d.....</i>		<i>- 220,000</i>	<i>-</i>			
<i>Less Reserve for Proposition 98 (Unspent Appropriations) ^e.....</i>		<i>- 23,677</i>	<i>-</i>			
<i>Special Fund for Economic Uncertainties ^c</i>		<i>1,001,371</i>	<i>-</i>			
<i>Reserves for Economic Uncertainties ^c.....</i>		<i>-</i>	<i>577,782</i>			
<i>Reserve for Earthquake (Disaster Relief Fund).....</i>		<i>-</i>	<i>215,423</i>			
<i>Reserve for Liquidation of Encumbrances ^f....</i>		<i>279,000</i>	<i>-</i>			

^a The General Budget Summary includes the revenues and expenditures of all state funds that reflect the cost of State government and selected bond fund expenditures. The transactions involving other nongovernmental cost funds are excluded. The amounts included in this schedule for expenditures and revenues may not agree with those shown in Schedules 8, 9, 10 and 12 due to rounding.

^b Due to lack of time for complete reconciliation to the State Controller's preliminary fiscal data for their annual report, the amounts reflected in the 1988-89 fiscal year do not agree with the data which will be included in the State Controller's Annual Report. See Schedule 7 which follows for a reconciliation of the Fund Balance as of June 30, 1988 between the State Controller's Preliminary Annual Report and the amount reported in this Schedule.

^c The Special Fund for Economic Uncertainties and the Reserves for Economic Uncertainties provide sources of funds to meet State General Fund and Special Funds obligations in the event of a decline in revenues or an unanticipated increase in expenditures.

^d The Reserve for Education (K-14) represents a contingency amount set aside to meet the State's obligation to conform to Article XVI, Section 8 of the State Constitution (Proposition 98) passed by the electorate in November 1988.

^e The Reserve for Proposition 98 (Unspent Appropriations) represents the amounts which were not spent from appropriations available during the 1988-89 fiscal year to meet the State's obligation to conform to Proposition 98.

^f The Reserve for Liquidation of Encumbrances represents an amount which will be expended in the future for state obligations for which goods and services have not been received. This Reserve treatment is consistent with accounting methodology recommended by Generally Accepted Accounting Principles (GAAP) and Chapter 1286, Statutes of 1984 (AB 3372) which requires the State to conform its fiscal management system to GAAP.

^g The Fund Balance for the General Fund includes amounts for unencumbered balances of continuing appropriations at the end of the 1988-89, 1989-90 and 1990-91 fiscal years of \$92,159, \$64,648 and \$4,039 (in thousands) respectively.

Schedule 2 TOTAL STATE SPENDING PLAN

This Schedule is included for informational purposes to show in one place the expenditures of all funds which are accounted for by the State.

A basic premise in a consolidation such as this is that the State is the financial unit and individual funds are subsidiary units to the State. This is similar to financial units in the private sector in which diversified commercial corporations with several subsidiaries report their operation on a consolidated basis—but is a contrast to traditional governmental accounting, which has held that the individual funds are the financial units and should not be consolidated with other funds or types of funds. A total consolidation presents both theoretical and practical problems because of the individual nature of each fund. In essence, each fund is a separate fiscal and legal entity that operates under the specific legal provisions that created it. Examples of problems which may arise from an unqualified consolidation are (1) funds are accounted for in a different manner, (2) duplication of expenditures result, (3) expenditures from non-state funds are included, and (4) expenditures are included for quasi-state operations such as Workers' Compensation and for payment of retirement benefits for other governmental units.

In order to minimize misinterpretations, this Schedule is displayed in two parts. Part A summarizes those expenditures from funds traditionally included in budget totals; Part B summarizes expenditures from the other funds which are collectively identified as nongovernmental cost funds. Schedule 2, in either part, does not include reimbursements received from the public or other levels of government, as these are deducted from State expenditures.

Total State Spending Plan—Part A Governmental Cost, Selected Bond Funds and Federal Funds

As stated above, Part A summarizes expenditures from funds which are traditionally included as part of State expenditure summaries in the Governor's Budget and other State financial reports. The major portion of the expenditures shown in Part A is for the General Fund and the various special funds which are commonly referred to as "governmental cost funds." This term is used because these funds are used to account for moneys which are derived from general and special taxes, licenses, fees or other revenue sources to provide financing for State activities which are for the general purposes of State government.

The selected bond funds are included in Part A because of the historical legislative interest in showing these expenditures in budget totals. It should be noted that there is a duplication in showing these expenditure amounts from bond proceeds because the expenditures are included both when bond proceeds are spent and when debt service is paid.

The Federal funds have also been included in Part A because of increasing interest in the level of the State's expenditure of Federal funds. The detail of expenditures by department for the General Fund, special funds, selected bond funds and Federal funds is shown in Schedule 9.

<i>Funds</i>	<i>1988-89*</i>	<i>1989-90*</i>	<i>1990-91*</i>
Governmental Cost Funds:			
General Fund	\$35,897,298	\$40,069,922	\$42,612,736
Special Funds	6,222,892	7,761,596	7,911,649
Totals, Governmental Cost Funds.....	\$42,120,190	\$47,831,518	\$50,524,385
Selected Bond Funds.....	2,514,183	2,270,987	3,213,265
Totals, Governmental Cost Funds and Selected Bond Funds.....	\$44,634,373	\$50,102,505	\$53,737,650
Federal Funds	16,626,176	20,288,342	20,162,447
TOTALS	\$61,260,549	\$70,390,847	\$73,900,097

Total State Spending Plan—Part B Nongovernmental Cost Funds

Nongovernmental cost funds are used to account for moneys which are derived from sources other than general or special taxes, licenses, fees or other state revenues. Although Federal funds and bond funds are classified as nongovernmental costs funds, they are included in Part A for reasons cited therein. The nongovernmental cost funds shown in Part B are segregated into the following classifications.

PUBLIC SERVICE ENTERPRISE FUNDS

Public Service Enterprise Funds are used to account for the transactions of self-supporting enterprises which render services for a charge primarily to the general public.

Activities which are accounted through Public Service Enterprise Funds include toll bridges, harbor facilities, disability insurance, college housing, and veterans farm and home loan financing. Bond funds and sinking funds related to a public service enterprise are included in this classification.

Public Service Enterprise Funds differ from Working Capital and Revolving Funds in that, in the latter, fees for services rendered are largely from other State agencies or local governments.

It should be noted that expenditures shown below from the Compensation Insurance Fund do not include benefit payments to State employees because the State is self-funded. The expenditures shown are benefits paid from funding provided through insurance premiums and therefore are not true State costs.

WORKING CAPITAL AND REVOLVING FUNDS

Working Capital and Revolving Funds are used to account for the internal service activities rendered by a State agency to other State agencies or to local governments. Activities which are accounted through Working Capital and Revolving Funds include centralized purchasing for stores, consolidated data center services, printing, architectural services, manufacturing, surplus money investment, payroll disbursement, automotive management, and building operations.

Working Capital and Revolving Funds differ from the Public Service Enterprise Funds, which render services primarily to the general public. To the extent that services are provided to other State agencies, expenditures shown in Working Capital and Revolving Funds are duplicative of expenditures shown in the agencies.

BOND FUNDS

Bond Funds are used to account for the receipt and disbursement of bond proceeds. They do not account for bond retirement since the liability created by the sale of bonds is not a liability of these funds. Bonds are retired and the interest obligations thereon are paid through the provisions specified in the bond act.

Bond Funds related to a public service enterprise are included in the Public Service Enterprise Fund classification.

RETIREMENT FUNDS

Retirement Funds are used to account for employer and member contributions received by various retirement systems, the investment of these moneys, annuity payments, refunds to members, and other receipts and disbursements. The amounts shown below reflect both administrative costs and benefits paid to annuitants. For the Public Employees' Retirement Fund and the Teachers' Retirement Fund, funding includes non-state sources and expenditures therefrom are not true State costs. Also, costs funded from amounts transferred into these funds from other State agencies are duplicative of expenditures shown in the agencies.

OTHER NONGOVERNMENTAL COST FUNDS

For selected programs, the State budget has traditionally included funding provided by county funds and university funds for informational purposes. Because of inclusion in the budget, these expenditures are shown in Schedule 2. The balance of funds shown in this classification are for Trust and Agency Funds which are used to account for moneys and properties that are received from other than Federal sources and which are held and disbursed from the State Treasury by the State as trustee or custodian.

The following provides detail for the significant funds and amounts which comprise the various categories of Nongovernmental Cost Funds:

<i>Funds</i>	<i>1988-89* Amount</i>	<i>1989-90* Amount</i>	<i>1990-91* Amount</i>
PUBLIC SERVICE ENTERPRISE FUNDS:			
Water Resources Development Bond Fund	\$229,602	\$276,848	\$242,148
Central Valley Water Project Const Fund	156,362	123,801	166,099
Central Valley Water Project Revenue Fund	201,775	255,864	302,255
Compensation Insurance Fund	1,696,278	1,940,000	2,180,000
Harbors and Watercraft Revolving Fund	24,104	36,706	43,579
Univ & College Cont Educ Revenue Fund, St.	47,247	51,592	51,824
Unemployment Compensation Disability Fund	1,559,064	1,584,285	1,636,108
Veterans Farm & Home Building Fund 1943	997,692	1,194,514	1,294,705
Others	257,999	391,571	179,112
* Totals, Public Service Enterprise Funds	\$5,170,123	\$5,855,181	\$6,095,830
WORKING CAPITAL AND REVOLVING FUNDS:			
Architecture Revolving Fund	15,029	18,463	20,311
Health and Welfare Agency Data Cent Rev Fund	50,940	69,384	70,083
Service Revolving Fund	293,921	319,206	344,561
Stephen P. Teale Data Center Rev Fund	62,895	83,336	86,407
Others	207,788	613,353	567,171
* Totals, Working Capital and Revolving Funds	\$630,573	\$1,103,742	\$1,088,533
BOND FUNDS—OTHER:			
School Building Aid Fund, State	37,605	104,234	65,713
Others	62	157	166
* Totals, Bond Funds—Other	\$37,667	\$104,391	\$65,879
RETIREMENT FUNDS:			
Judges' Retirement Fund	42,400	47,598	53,918
Legislators' Retirement Fund	4,197	4,482	4,723
Public Employees' Retirement Fund	2,043,670	2,307,172	2,570,262
Teachers' Retirement Fund	1,370,759	1,676,079	1,832,713
Others	—	100	100
* Totals, Retirement Funds	\$3,461,026	\$4,035,431	\$4,461,716
OTHER NONGOVERNMENTAL COST FUNDS:			
Highway Construction Revolving Account	7,000	—	—
University Funds	2,748,414	3,213,579	3,420,164
Others	7,079,881	7,218,112	7,721,830
* Totals, Other Nongovernmental Cost Funds	\$9,835,295	\$10,431,691	\$11,141,994
TOTALS, ALL NONGOVERNMENTAL COST FUNDS	\$19,134,684	\$21,530,436	\$22,853,952

* Dollars in thousands

IMPLEMENTATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Implementation of Chapter 1286, Statutes of 1984, requires the state to conform its financial management system to Generally Accepted Accounting Principles (GAAP) to the extent that the Department of Finance deems it to be in the best interest of the State.

GAAP represents uniform minimum standards and guidelines for financial accounting and reporting. The goal of GAAP is to standardize the accounting and financial reporting of organizations regardless of jurisdictional legal provisions and customs. The purpose of "Governmental GAAP" is to provide a uniform set of rules so the presentation of governmental financial reports for taxpayers, bond rating companies, legislators and other readers are consistent from year to year, as well as comparable between governmental entities.

The Governmental Accounting Standards Board (GASB) establishes accounting and financial reporting standards for activities and transactions of state and local governmental entities. The State of California currently is a dues-paying member of the GASB organization and provides input for the various issues being studied by GASB.

An effort is currently underway within the Department of Finance to ensure that the budget and financial statements of the state are more understandable and are presented in a fair and consistent manner through the application of Generally Accepted Accounting Principles.

The Department of Finance has taken the following actions to implement GAAP:

1. A work group was established to review the changes required by GAAP and to establish priorities and task assignments.
2. In 1986-87, the Governor's Budget and Budget Act changed the classification of student fees in the California State University System to revenue rather than reimbursements.
3. In 1986-87, the Governor's Budget and Budget Act changed the classification of State Hospital Medical Care receipts to reimbursements rather than revenue.
4. In 1987-88, the Governor's Budget displayed the interest and redemption costs of general obligation bonds in the relevant program area for each bond.
5. The Financial and Performance Audits Unit (FPA) of the Department of Finance has done work on rewriting the sections of the State Administrative Manual covering proprietary funds to bring them into conformance with GAAP.
6. The "Fund Manual" for California has been rewritten to bring it into conformance with GAAP.
7. The 1989-90 Governor's Budget provides for the treatment of General Fund encumbrances as a reservation of fund balance rather than expenditures. This treatment is consistent with the GAAP standard that encumbrances are obligations for which goods and services have not been received and which therefor should not be shown as expenditures.

The State's fiscal system is highly complex with many interrelationships between budgeting and accounting. Consequently, some of the changes in accounting that are necessary to conform to GAAP impact the budget system and/or the Governor's Budget presentations. These interrelationships will result in the GAAP changes being accomplished over a number of years.

The following two charts illustrate the effect of conversion to GAAP fund classifications:

Schedule 3A shows the "Total State Spending Plan" data shown in Schedule 2 rearranged into the GAAP classifications.

Schedule 3B uses 1989-90 budget totals to show California's current fund structure compared to recommended GAAP classifications.

SCHEDULE 3A TOTAL STATE SPENDING PLAN BY GAAP FUND CLASSIFICATION (In Thousands)

	1988-89	1989-90	1990-91
Governmental Funds			
General Fund	\$35,897,298	\$40,069,922	\$42,612,736
Special Revenue Funds	14,262,246	18,400,612	18,174,084
Capital Project Funds	2,224,951	1,790,793	2,881,628
Total Governmental Funds	\$52,384,495	\$60,261,327	\$63,668,448
Proprietary Funds			
Enterprise Funds	3,737,923	4,825,482	4,993,554
Internal Service Funds	420,244	488,844	516,048
Total Proprietary Funds	\$4,158,167	\$5,314,326	\$5,509,602
Fiduciary Funds			
Retirement Funds	3,461,026	4,035,331	4,461,616
Trust and Agency Funds—Other	6,164,332	6,690,393	6,756,218
Trust and Agency Funds—Federal	2,391,569	3,187,909	3,087,512
Total Fiduciary Funds	\$12,016,927	\$13,913,633	\$14,305,346
Funds Outside State Treasury			
Other	11,835,640	12,431,996	13,270,653
Total Funds Outside State Treasury	\$11,835,640	\$12,431,996	\$13,270,653
TOTAL SPENDING, ALL FUNDS	\$80,395,229	\$91,921,282	\$96,754,049

SCHEDULE 3B
COMPARISON OF CALIFORNIA CURRENT
FUND STRUCTURE AND RECOMMENDED GAAP FUND STRUCTURE
USING 1990-91 BUDGET TOTALS
(In Thousands)

FUND STRUCTURE BASED ON GAAP CLASSIFICATIONS

	<i>Governmental Funds</i>				<i>Proprietary Funds</i>		<i>Fiduciary Funds</i>		<i>Funds Outside State Treasury</i>	<i>Totals</i>
	<i>General Fund</i>	<i>Special Revenue Funds</i>	<i>Capital Projects Funds</i>	<i>Total Governmental Funds</i>	<i>Enterprise Funds</i>	<i>Internal Service Funds</i>	<i>Retirement Funds</i>	<i>Trust and Agency Funds</i>		
CURRENT FUND STRUCTURE										
Governmental Cost Funds										
General Fund	\$42,612,736	—	—	\$42,612,736	—	—	—	—	—	\$42,612,736
General Fund Special Accounts	—	\$393,352	—	393,352	\$44,408	\$11,631	—	\$28,036	—	477,427
Transportation Funds	—	2,291,775	—	2,291,775	—	—	—	3,004,638	—	5,296,413
Feeder Funds	—	—	—	—	—	—	—	64,339	—	64,339
Other Governmental Cost Funds	—	2,034,965	\$956	2,035,921	—	—	—	37,549	—	2,073,470
Total Governmental Cost Funds	\$42,612,736	\$4,720,092	\$956	\$47,333,784	\$44,408	\$11,631	—	\$3,134,562	—	\$50,524,385
Selected Bond Funds	—	—	2,859,487	2,859,487	—	—	—	353,778	—	3,213,265
Total Governmental Cost Funds and Selected Bond Funds	\$42,612,736	\$4,720,092	\$2,860,443	\$50,193,271	\$44,408	\$11,631	—	\$3,488,340	—	\$53,737,650
Nongovernmental Cost Funds										
Public Service Enterprise Funds	—	—	708	708	\$4,368,855	—	—	1,726,267	—	6,095,830
Working Capital and Revolving Funds	—	12,409	20,311	32,720	550,000	504,417	—	1,396	—	1,088,533
Bond Funds—Other	—	—	166	166	—	—	—	65,713	—	65,879
Trust and Agency Funds:										
Retirement Funds	—	—	—	—	—	—	\$4,461,616	100	—	4,461,716
Trust and Agency Funds—Federal	—	13,435,032	—	13,435,032	—	—	—	3,087,512	\$3,639,903	20,162,447
Trust and Agency Funds—Other	—	6,551	—	6,551	30,291	—	—	1,474,402	—	1,511,244
Other Nongovernmental Cost Funds	—	—	—	—	—	—	—	—	9,630,750	9,630,750
Total Nongovernmental Cost Funds	—	\$13,453,992	\$21,185	\$13,475,177	\$4,949,146	\$504,417	\$4,461,616	\$6,355,390	\$13,270,653	\$43,016,399
TOTAL SPENDING, ALL FUNDS	\$42,612,736	\$18,174,084	\$2,881,628	\$63,668,448	\$4,993,554	\$516,048	\$4,461,616	\$9,843,730	\$13,270,653	\$96,754,049

SCHEDULE 4A
PERSONNEL YEARS AND SALARY COST ESTIMATES
(Excludes Staff Benefits)
(dollars in thousands)

<i>Function</i>	<i>Positions</i>			<i>Dollars</i>		
	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>
Legislative/Judicial/Executive						
Legislative.....	493.7	543.5	553.5	\$19,833	\$22,794	\$24,168
Judicial.....	876.3	971.8	1,035.7	45,219	52,392	56,681
Executive.....	9,028.1	9,479.6	9,981.9	301,729	340,388	370,804
State and Consumer Services.....	14,033.4	14,659.8	15,114.0	403,619	455,391	482,316
Business, Transportation and						
Housing.....	35,463.1	37,330.3	37,241.8	1,199,810	1,341,744	1,364,279
Resources.....	15,061.9	15,556.9	16,005.8	524,862	578,330	612,000
Health and Welfare.....	38,020.1	40,509.2	40,869.9	1,161,332	1,320,112	1,380,068
Youth and Adult Correctional						
Agency.....	27,319.5	31,208.3	34,470.9	1,020,782	1,220,680	1,397,954
Education						
Education.....	2,506.4	2,796.1	2,788.3	81,377	94,751	98,326
Higher Education.....	93,830.0	94,134.8	95,472.0	3,542,096	3,857,641	3,981,848
Unallocated Salary Increase.....	-	-	-	-	115	75,038
General Government						
General Administration.....	11,540.2	13,243.6	13,341.4	345,393	421,867	459,275
Unallocated Salary Increase—						
Other.....	-	-	-	-	11,005	247,921
NET TOTALS, SALARIES						
 AND WAGES.....	248,172.7	260,433.9	266,875.2	\$8,646,052	\$9,717,210	\$10,550,678
<i>Position Classification</i>						
Constitutional Officers.....	125.0	127.0	127.0	\$454	\$526	\$526
Statutory.....	265.3	279.1	279.1	22,001	25,407	25,891
Civil Service.....	152,445.6	164,238.3	169,781.2	4,924,265	5,648,724	6,063,507
Exempt						
Various Departments.....	2,063.4	2,311.5	2,285.5	95,918	111,472	111,391
Higher Education						
University of California.....	57,589.0	57,715.0	57,715.0	2,330,139	2,492,190	2,531,461
State University.....	35,465.7	35,550.3	36,474.7	1,263,939	1,417,211	1,484,009
Hastings College of Law.....	218.7	212.7	212.7	9,336	10,560	10,934
Unallocated Salary Increase...	-	-	-	-	115	75,038
Unallocated Salary Increase—						
Other.....	-	-	-	-	11,005	247,921
NET TOTALS, SALARIES						
 AND WAGES.....	248,172.7	260,433.9	266,875.2	\$8,646,052	\$9,717,210	\$10,550,678

SCHEDULE 4B
POSITIONS AND SALARY COST ESTIMATES
(Excludes Staff Benefits)
(dollars in thousands)

<i>Function</i>	<i>Positions</i>			<i>Dollars</i>		
	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>
Legislative/Judicial/Executive						
Legislative	493.7	544.5	554.5	\$19,833	\$22,611	\$24,501
Judicial	876.3	1,016.3	1,078.3	45,219	53,559	58,929
Executive	9,028.1	10,098.8	10,654.6	301,729	352,616	396,480
State and Consumer Services	14,033.4	15,418.0	15,902.2	403,619	468,740	471,254
Business, Transportation and						
Housing	35,463.1	39,190.1	39,851.2	1,199,810	1,377,701	1,467,356
Resources	15,061.9	16,394.4	16,898.8	524,862	590,817	642,947
Health and Welfare	38,020.1	42,940.3	43,479.4	1,161,332	1,367,093	1,473,448
Youth and Adult Correctional						
Agency	27,319.5	32,896.8	36,340.0	1,020,782	1,230,988	1,458,804
Education						
Education	2,506.4	2,963.4	2,962.4	81,377	99,092	105,890
Higher Education	93,830.0	96,292.9	97,655.6	3,542,096	3,931,056	4,155,946
Unallocated Salary Increase	—	—	—	—	115	75,038
General Government						
General Administration	11,540.2	13,768.8	13,881.1	345,393	432,996	478,891
Unallocated Salary Increase—Other	—	—	—	—	11,005	247,921
TOTALS, SALARIES AND						
WAGES ¹	248,172.7	271,524.3	279,258.1	\$8,646,052	\$9,938,389	\$11,057,405
Less Salary Savings	—	—11,090.4	—12,382.9	—	—221,179	—506,727
NET TOTALS, SALARIES						
AND WAGES	248,172.7	260,433.9	266,875.2	\$8,646,052	\$9,717,210	\$10,550,678

¹ As shown in departmental budgets as "Totals, Salaries and Wages."

SCHEDULE 5
SUMMARY OF STATE POPULATION, EMPLOYEES, AND EXPENDITURES

Year	Population ¹ (Thousands)	Employees	Employees Per 1,000 Population	Personal Income (Billions)	Revenue		Expenditures		Expenditures per Capita		Expenditures per \$100 of Personal Income	
					General Fund	Total	General Fund ²	Total ³	General Fund ²	General Total ³	General Fund ²	Total ³
					(Millions)	(Millions)	(Millions)	(Millions)	(Millions)	(Millions)	(Millions)	(Millions)
1950-51.....	10,643	61,000	5.7	\$19.8	\$672	\$994	\$587	\$1,006	\$55.15	\$94.52	\$2.96	\$5.08
1951-52.....	11,130	63,860	5.7	22.8	734	1,086	635	1,068	57.05	95.96	2.79	4.68
1952-53.....	11,638	65,720	5.6	25.4	774	1,151	714	1,177	61.35	101.13	2.81	4.63
1953-54.....	12,101	69,928	5.8	27.2	798	1,271	809	1,381	66.85	114.12	2.97	5.08
1954-55.....	12,517	74,099	5.9	28.1	879	1,434	852	1,422	68.07	113.61	3.03	5.06
1955-56.....	13,004	77,676	6.0	30.9	1,005	1,578	923	1,533	70.98	117.89	2.99	4.96
1956-57.....	13,581	88,299	6.5	33.8	1,079	1,834	1,030	1,732	75.84	127.53	3.05	5.12
1957-58.....	14,177	98,015	6.9	36.4	1,111	1,751	1,147	1,891	80.91	133.39	3.15	5.20
1958-59.....	14,741	101,982	6.9	38.1	1,210	1,925	1,246	1,932	84.53	131.06	3.27	5.07
1959-60.....	15,288	108,423	7.1	41.8	1,491	2,198	1,435	2,086	93.86	136.45	3.43	4.99
1960-61.....	15,863	115,737	7.3	44.2	1,598	2,338	1,678	2,525	105.78	159.18	3.80	5.71
1961-62.....	16,412	122,339	7.5	46.9	1,728	2,451	1,697	2,406	103.40	146.60	3.62	5.13
1962-63.....	16,951	128,981	7.6	50.6	1,866	2,668	1,881	2,703	110.97	159.46	3.72	5.34
1963-64.....	17,530	134,721	7.7	54.1	2,137	3,057	2,064	3,182	117.74	181.52	3.82	5.88
1964-65.....	18,026	143,896	8.0	58.7	2,245	3,295	2,345	3,652	130.09	202.60	3.99	6.22
1965-66.....	18,464	151,199	8.2	62.8	2,509	3,581	2,580	4,059	139.73	219.83	4.11	6.46
1966-67.....	18,831	158,404	8.4	68.3	2,895	4,073	3,017	4,659	160.21	247.41	4.42	6.82
1967-68.....	19,175	162,677	8.5	73.6	3,682	4,927	3,273	5,014	170.69	261.49	4.45	6.81
1968-69.....	19,432	171,655	8.8	80.6	4,136	5,450	3,909	5,673	201.16	291.94	4.85	7.04
1969-70.....	19,745	179,583	9.1	88.4	4,330	5,743	4,456	6,302	225.68	319.17	5.04	7.13
1970-71.....	20,039	181,581	9.1	95.0	4,534	5,919	4,854	6,556	242.23	327.16	5.11	6.90
1971-72.....	20,346	181,912	8.9	100.9	5,395	6,897	5,027	6,684	247.08	328.52	4.98	6.62
1972-73.....	20,585	188,460	9.2	110.3	5,780	7,366	5,616	7,422	272.82	360.55	5.09	6.73
1973-74.....	20,869	192,918	9.2	121.8	6,978	8,715	7,299	9,311	349.75	446.16	5.99	7.64
1974-75.....	21,174	203,548	9.6	136.2	8,630	10,405	8,349	10,276	394.30	485.31	6.13	7.54
1975-76.....	21,538	206,361	9.6	149.7	9,639	11,567	9,518	11,452	441.92	531.71	6.36	7.65
1976-77.....	21,936	213,795	9.7	167.7	11,381	13,463	10,467	12,632	477.16	575.86	6.24	7.53
1977-78.....	22,352	221,251	9.9	187.1	13,695	15,962	11,686	14,003	522.82	626.48	6.25	7.48
1978-79.....	22,836	218,530	9.6	214.9	15,219	17,711	16,251	18,745	711.64	820.85	7.56	8.72
1979-80.....	23,257	220,193	9.5	244.8	17,985	20,919	18,534	21,488	796.92	923.94	7.57	8.78
1980-81.....	23,780	225,567	9.5	276.1	19,023	22,104	21,105	24,511	887.51	1,030.74	7.64	8.88
1981-82.....	24,267	228,813	9.4	308.7	20,960	23,601	21,693	25,022	893.93	1,031.11	7.03	8.11
1982-83.....	24,786	228,489	9.2	328.0	21,233	24,291	21,751	25,330	877.55	1,021.95	6.63	7.72
1983-84.....	25,309	226,695	9.0	352.4	23,809	27,626	22,869	26,797	903.59	1,058.79	6.49	7.60
1984-85.....	25,780	229,845	8.9	389.2	26,536	31,570	25,722	30,961	997.75	1,200.97	6.61	7.96
1985-86.....	26,358	229,641	8.7	422.6	28,072	33,558	28,841	34,977	1,094.20	1,327.00	6.82	8.28
1986-87.....	26,999	232,927	8.6	453.0	32,519	37,767	31,469	38,079	1,165.48	1,410.28	6.95	8.41
1987-88.....	27,655	237,761	8.6	491.4	32,534	38,773	33,021	40,452	1,194.12	1,462.84	6.72	8.23
1988-89.....	28,323	248,173	8.8	531.0	36,953	43,322	35,897	44,634	1,267.82	1,576.39	6.76	8.41

¹ Population as of July 1, the beginning of the fiscal year.

² Includes Special Accounts in General Fund from 1973-74 to 1976-77.

³ Expenditures include payments from General Fund, Special Funds and Selected Bond Funds beginning in 1963-64.

**Schedule 6
GENERAL FUND
ANALYSIS OF CHANGE IN RESERVES AS OF JUNE 30, 1989
FROM THE PREVIOUS GOVERNOR'S BUDGET
(In Thousands)**

<i>DETAIL OF CHANGES 1988-89 Fiscal Year (From previous Governor's Budget to the current Governor's Budget)</i>	<i>1989-90 Governor's Budget (previous estimate)</i>	<i>1990-91 Governor's Budget (revised estimate)</i>	<i>Effect of Changes on Reserves</i>
Prior year resources available.....	\$174,646	\$53,558	—\$121,088
Revenues and Transfers:			
Revenues.....	35,836,666	36,781,961	945,295
Transfers.....	165,294	170,938	5,644
Totals, Revenues and Transfers.....	\$36,001,960	\$36,952,899	\$950,939
Expenditures:			
State Operations.....	\$8,972,954	\$8,864,846	\$108,108
Capital Outlay.....	647	566	81
Local Assistance.....	27,028,514	27,310,073	—281,559
Unclassified.....	—79,730	—278,187	198,457
Totals, Expenditures.....	\$35,922,385	\$35,897,298	\$25,087
 <i>1989-90 Fiscal Year (From previous Governor's Budget to the current Governor's Budget)</i>			
Revenues and Transfers:			
Revenues.....	\$38,798,807	\$39,279,939	\$481,132
Transfers.....	78,017	495,416	417,399
Totals, Revenues and Transfers.....	\$38,876,824	\$39,775,355	\$898,531
Expenditures:			
State Operations.....	\$9,774,447	\$10,039,374	—\$264,927
Capital Outlay.....	195	200	—5
Local Assistance.....	28,235,403	30,079,465	—1,844,062
Unclassified.....	—	—49,117	49,117
Totals, Expenditures.....	\$38,010,045	\$40,069,922	—\$2,059,877
Total Effect of Changes on Reserves.....			—\$306,408
 <i>TOTAL CHANGES</i>			
Changes in Reserves:			
Special Fund for Economic Uncertainties including Disaster Response- Emergency Operations Account.....	\$870,000	\$511,915	\$358,085
Reserve for Proposition 98 (unspent Appropriations).....	—	23,677	—23,677
Reserve for Encumbrances.....	251,000	279,000	—28,000
Total Reserves, June 30, 1989.....	\$1,121,000	\$814,592	—\$306,408

Schedule 7
GENERAL FUND
(in thousands)

STATEMENT OF FINANCIAL CONDITION

June 30, 1989

ASSETS	<i>General Fund Balances</i>	LIABILITIES	<i>General Fund Balances</i>
Cash in State Treasury and agency accounts.....	\$990,464	Accounts payable.....	\$668,853
Receivables.....	290,861	Due to other funds.....	712,886
Due from other funds.....	1,354,506	Due to other governments.....	537,477
Due from other governments.....	16,574	Accrued interest payable.....	86,928
Advances to other funds.....	7,205	Advance collections.....	33,238
Prepaid expenses.....	138,211	Deposits.....	873
Other assets.....	868	Other liabilities.....	44,195
TOTAL OPERATING ASSETS.....	\$2,798,689	Total Liabilities.....	\$2,084,450
 FUND BALANCE			
		Designated for Unencumbered Balances of Continuing Appropriations.....	\$235,328
		Special Fund for Economic Uncertainties.....	469,234
		Reserved for Article XVI, Section 8 of the State Constitution (Proposition 98).....	9,677
		TOTAL FUND BALANCE.....	714,239¹
		TOTAL LIABILITIES AND FUND BALANCE.....	\$2,798,689

LONG-TERM OBLIGATIONS

General obligation bonds.....	\$8,631,485
Less: self-liquidating bonds.....	4,196,865
Net general bonded debt.....	\$4,434,620
Interest payable in future years.....	2,576,428
Net Total Long-Term Obligations.....	\$7,011,048

¹ The total fund balance of \$714,239 shown in this Statement of Financial Condition prepared by the State Controller differs from the Fund Balance of \$1,102,705 shown in the Schedule 1 (General Budget Summary) because of adjustments identified after the issuance of the State Controller's Preliminary Annual Report. The adjustments are summarized in the following table.

Controllers Preliminary Report.....	\$714,239
Expenditure and transfer adjustments for 1988-89.....	+ 76,520
Revenue adjustments for 1988-89 (Bank and Corporation Tax accruals).....	+ 39,400
Encumbrance adjustments for 1988-89.....	+ 279,000
Adjusted Fund Balance per Schedule 1.....	\$1,109,159

Appendix 22

MAJOR TAXES AND LICENSES

Sources	Actual 1988-89			Estimated 1989-90			Estimated 1990-91		
	General Fund	Special funds	Total	General Fund	Special funds	Total	General Fund	Special funds	Total
MAJOR TAXES AND LICENSES									
Excise Tax on Beer and Wine	30,450	-	30,450	31,000	-	31,000	31,000	-	31,000
Excise Tax on Distilled Spirits	97,814	-	97,814	97,000	-	97,000	96,000	-	96,000
Excise Tax on Bottled Spirits	5,137,995	14	5,138,009	5,235,000	30,000	5,265,000	5,880,000	20,000	5,900,000
Bank and Corporation (Income) Taxes	162,221	397,295	559,616	155,000	642,000	797,000	151,000	625,000	776,000
Cigarette Tax	102,584	40,795	143,379	106,000	40,030	146,030	113,000	42,650	155,650
Horse Racing Revenues	335,092	-	335,092	371,000	-	371,000	397,000	-	397,000
Inheritance Tax	1,317,630	-	1,317,630	1,194,000	-	1,194,000	1,273,000	-	1,273,000
Insurance Gross Premiums Tax	-	26,991	26,991	-	31,800	31,800	-	32,000	32,000
Trailer Coach License (In-Lieu) Fees	-	1,975,256	1,975,256	-	2,125,000	2,125,000	-	2,275,000	2,275,000
Motor Vehicle License (In-Lieu) Fees	-	1,166,055	1,166,055	-	1,176,040	1,176,040	-	1,196,100	1,196,100
Motor Vehicle Fuel Tax (Gasoline)	-	154,457	154,457	-	160,000	160,000	-	165,000	165,000
Motor Vehicle Fuel Tax (Diesel)	-	1,136,764	1,136,764	-	1,177,889	1,177,889	-	1,249,723	1,249,723
Motor Vehicle Registration	15,885,651	710	15,886,361	17,375,000	6,500	17,381,500	19,050,000	6,500	19,056,500
Personal Income Tax	12,577,297	73,596	12,650,893	13,410,000	437,000	13,847,000	14,485,000	528,000	15,013,000
Retail Sales and Use Taxes	-	-	-	-	-	-	-	-	-
TOTALS, MAJOR TAXES AND LICENSES	35,646,734	4,972,033	40,618,767	37,974,000	5,826,179	43,800,179	41,476,000	6,139,973	47,615,973
MINOR REVENUES									
REGULATORY TAXES AND LICENSES									
General Fish and Game Taxes	-	2,311	2,311	-	1,888	1,888	-	1,676	1,676
Electrical Energy Tax	-	38,257	38,257	-	39,087	39,087	-	39,935	39,935
Quarterly Public Util Commission Fees	-	55,824	55,824	-	53,444	53,444	-	55,284	55,284
Liquor License Fees	32,826	-	32,826	32,854	-	32,854	33,405	-	33,405
Genetic Disease Testing Fees	-	22,002	22,002	-	26,046	26,046	-	27,925	27,925
Other Regulatory Taxes	8,181	45,813	53,994	8,794	71,992	80,786	9,042	56,118	65,160
General Fish and Game Lic Tags Permits	-	56,879	56,879	-	61,423	61,423	-	65,273	65,273
Other Regulatory Licenses and Permits	35,114	117,536	152,650	34,618	129,349	163,967	39,946	143,420	183,366
Other	20,623	368,368	388,991	23,451	522,537	545,988	25,388	656,974	682,362
TOTALS,	96,744	706,990	803,734	99,717	905,766	1,005,483	107,781	1,046,605	1,154,386
REVENUE FROM LOCAL AGENCIES									
County Costs-Mentally Ill Patients	26,201	-	26,201	26,000	-	26,000	28,000	-	28,000
Architecture Public Building Fees	-	23,508	23,508	-	28,393	28,393	-	29,538	29,538
Penalties on Traffic Violations	-	111,658	111,658	-	113,536	113,536	-	121,372	121,372
Other	15,484	47,630	63,114	18,897	49,887	68,784	16,915	57,252	74,167
TOTALS,	41,685	182,796	224,481	44,897	191,816	236,713	44,915	208,162	253,077
SERVICES TO THE PUBLIC									
Pay Patients Board Charges	39,470	-	39,470	28,570	-	28,570	29,723	-	29,723
State Beach and Park Service Fees	-	38,730	38,730	-	39,208	39,208	-	39,942	39,942
Emergency Telephone Users Surcharge	-	41,854	41,854	-	50,388	50,388	-	55,586	55,586
Receipts From Health Care Deposit Fund	39,755	-	39,755	17,827	-	17,827	17,500	-	17,500
California State University Fees	304,605	-	304,605	321,813	-	321,813	341,782	-	341,782
Personalized License Plates	-	28,878	28,878	-	29,431	29,431	-	30,529	30,529
Other	27,442	40,806	68,248	25,479	60,772	86,251	39,763	88,088	127,851
TOTALS,	411,272	150,268	561,540	393,689	179,799	573,488	428,768	214,145	642,913
USE OF PROPERTY AND MONEY									
Income From Pooled Money Investments	441,153	1,047	442,200	430,000	1,923	431,923	480,000	1,182	481,182
Income From Surplus Money Investments	16,763	146,154	162,917	28,612	179,725	208,337	14,483	164,418	178,901
Federal Lands Royalties	-	22,766	22,766	-	21,484	21,484	-	21,346	21,346
Oil & Gas Lease-1 Revenue City/County	256	-	256	300	-	300	300	-	300
Rentals of State Property	25,718	35,416	61,134	5,654	36,901	42,555	5,039	39,928	44,967
State Land Royalties	-	89,546	89,546	58,498	77,292	135,790	54,915	62,885	117,800

Schedule 8

COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1988-89, 1989-90, AND 1990-91—Continued
(dollars in thousands)

Sources	Actual 1988-89			Estimated 1989-90			Estimated 1990-91		
	General Fund	Special funds	Total	General Fund	Special funds	Total	General Fund	Special funds	Total
Other	5,444	54,075	59,519	6,775	57,878	64,653	7,472	54,216	61,688
TOTALS,	494,968	349,004	843,972	529,239	375,193	904,432	562,209	343,975	906,184
MISCELLANEOUS									
Penalties & Interest on U. & Di Contrib	-	51,876	51,876	-	54,970	54,970	-	59,334	59,334
Sale of Fixed Assets	4,201	128	4,329	2,209	-	2,209	2,172	-	2,172
Revenue-Abandoned Property	65,599	-	65,599	208,600	-	208,600	81,000	-	81,000
Miscellaneous Revenue	2,277	17,249	19,526	1,069	35,150	36,219	1,084	38,159	39,243
Penalties & Intrst on Personal Income Tx	-	18,481	18,481	-	18,481	18,481	-	20,234	20,234
Other Revenue - Cost Recoveries	-	2,077	2,077	12,745	3,400	16,145	34,649	-	34,649
Uninsured Motorist Fees	4,407	1,363	5,770	4,400	-	4,400	4,400	-	4,400
Parking Violations	-	-	-	-	-	-	-	-	-
Penalty Assessments	3,530	37,609	41,139	3,744	41,301	45,045	3,940	42,918	46,858
Other	10,543	13,252	23,795	5,629	14,816	20,445	78,094	14,834	92,928
TOTALS,	90,558	144,035	234,593	238,397	168,118	406,515	205,340	175,479	380,819
TOTALS, MINOR REVENUES	1,135,227	1,533,093	2,668,320	1,305,939	1,820,692	3,126,631	1,349,013	1,988,366	3,337,379
TOTALS, REVENUES	36,781,961	6,505,126	43,287,087	39,279,939	7,646,871	46,926,810	42,825,013	8,128,339	50,953,352
TRANSFERS & LOANS									
General Fund	-6,396	6,396	-	-250	250	-	-	-	-
Attorney General Antitrust Accou	2	-2	-	600	-600	-	600	-600	-
Hazardous Waste Control Account	5,291	-5,291	-	-	-	-	-	-	-
Fingerprint Fees Account	1,000	-1,000	-	335	-335	-	-	-	-
Agricultural & Forestry Residue	1,418	-1,418	-	78	-78	-	10	-10	-
Energy Conservation Assistance A	-	-	-	-	-	-	3,443	-3,443	-
Transport Planning & Develop Ace	48,671	-48,671	-	-	-	-	-	-	-
Highway Construct Revolv Act/St	-	-	-	-	40,000	40,000	-	-	-
Water Device Certification Spec	28	-28	-	109	-109	-	63	-63	-
Environmental License Plate Fund	-	-	-	-	-1,500	-1,500	-	-	-
Capital Outlay Fd for Public Hlg	-	-	-	6,200	-6,200	-	-	-	-
Unitary Fund, California	-	-	-	13,500	-13,500	-	-	-	-
Outer Cont Shelf Land Act Sec 9g	-	-	-	-	-	-	10,000	-10,000	-
Community College Creditals Fu	-	-	-	558	-558	-	-	-	-
Delinquent Tax Collection Fund	195	-195	-	1,186	-1,186	-	1,200	-1,200	-
Driver Training Penalty Assessme	19,350	-19,350	-	21,191	-21,191	-	24,444	-24,444	-
Employment Development Contingen	41,171	-41,171	-	33,626	-33,626	-	32,943	-32,943	-
Energy and Resource Fund	576	-576	-	547	-547	-	529	-529	-
Fair and Exposition Fund	626	-626	-	3,043	-3,043	-	3,573	-3,573	-
Satellite Wagering Account	-	-	-	1,470	-1,470	-	2,898	-2,898	-
Fire and Arson Training Fund, Ca	-	-	-	100	-100	-	-	-	-
Fish and Game Preservation Fund	2,955	-2,955	-	-	-	-	-	-	-
Industrial Loan Special Fund	-	-	-	34,141	-34,141	-	-	-	-
Publ Fuc & Loc Agency Disastr Res	6,677	-6,677	-	-	-	-	-	-	-
Off Highway Vehicle Fund	813	-813	-	-	-	-	-	-	-
Polygraph Examiners Fund	10	-10	-	-	-	-	-	-	-
Mandates Claims Fund, State	3,400	-3,400	-	-	-	-	-	-	-
Disaster Relief Fund	-	-	-	326,531	-326,531	-	186,496	-186,496	-
Parks and Rec Act, St, Parks &	1,250	-1,250	-	-	-	-	-	-	-
Universal Telephone Service Fund	-	-	-	-	-	-	-	-	-
Vehicle Inspection and Repair Fu	10,000	-10,000	-	-	-	-	-	-	-
Solid Waste Disp Site Clump & Ma	-	-	-	2,500	-2,500	-	-	-	-
Underground Storage Tank Tester	-	-	-	50	-50	-	50	-50	-
First Offender Program Evaluatio	603	-603	-	-	-	-	-	-	-
Underground Container Inventory	137	-137	-	-	-	-	-	-	-

Appendix 24

Schedule 8

	Actual 1988-89		Estimated 1989-90		Estimated 1990-91	
Sources	General Fund	Special funds	Total	General Fund	Special funds	Total
Garment Manufacturers Special Ac	186	- 186	-	186	186	- 186
Financial Responsibility Penalty	4,824	- 4,824	-	4,211	5,200	- 5,200
Water Resources Development Bond	-	6,000	6,000	-	-	13,000
High Tech Education Revenue Bond	1,472	-	1,472	1,740	-	-
Asbestos Worker's Account	1,770	-	1,770	-	-	-
Agriculture Building Fund	-	111	111	-	-	111
Public Buildings Construction Fu	159	-	159	79	-	-
Service Revolving Fund	-	-	-	14,212	-	-
Stephen P Teate Data Center Revo	4,000	-	4,000	-	-	-
Consumer Affairs Fund	1,870	818	2,688	-	-	-
Contractors License Fund	-	-	-	20,000	-	-
Cleanwater Bond Fund, 1984 State	-	-	-	135	-	-
Farm Labor Housing Rehab, Loan A	1,200	-	1,200	-	-	-
Trust Fund, Federal	10,000	-	10,000	-	-	-
Industrial Relations Unpaid Wage	1,506	1,506	1,506	1,770	1,770	1,770
Forest Resources Improvement Fun	1,448	-	1,448	1,674	1,674	1,674
Housing Rehabilitation Loan Fund	1,500	-	1,500	-	-	-
Special Deposit Fund	1,676	-	1,676	1,900	2,100	2,100
Asbestos Abatement Fund	-	-	-	3,994	-	-
Urban Predevelopment Loan Fund	1,550	-	1,550	-	-	-
TOTALS, TRANSFERS & LOANS	170,938	- 136,356	34,582	495,416	277,179	- 258,524
TOTALS, REVENUES AND TRANSFERS	36,952,899	6,368,770	43,321,669	35,775,355	43,102,192	7,869,815
						50,972,007

Schedule 9

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND

FISCAL YEARS 1988-89, 1989-90, AND 1990-91

(In thousands of dollars)

	Actual 1988-89			Estimated 1989-90			Estimated 1990-91			
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
STATE OPERATIONS										
LEGISLATIVE, JUDICIAL, AND EXECUTIVE										
Legislative										
Legislature	63,844	620	64,464	-	-	69,274	4,973	74,247	-	-
Senate	96,384	-	96,384	-	-	105,180	-	105,180	-	-
Assembly	-	-	-	-	-	-	-	-	-	-
Joint Expenses	-	-	-	-	-	-	-	-	-	-
Totals, Legislature	160,228	620	160,848	-	-	174,504	4,973	179,477	-	-
Contributions to Legislator Retire Fund	1,081	-	1,081	-	-	1,225	-	1,225	-	-
Office of the Auditor General	9,325	-	9,325	-	-	11,066	-	11,066	-	30
Legislative Counsel Bureau	17,985	-	17,985	-	-	21,753	-	21,753	-	-
Totals, Legislative	188,619	620	189,239	-	-	208,548	4,973	213,521	-	30
Judicial										
Judiciary	103,168	195	103,363	-	-	126,981	1,701	128,682	-	-
Contributions to Judges Retirement Fund	2,067	-	2,067	-	-	2,432	-	2,432	-	-
National Center for State Courts	226	-	226	-	-	226	-	226	-	-
Totals, Judicial	105,461	195	105,656	-	-	129,639	1,701	131,340	-	-
Executive/Governor										
Governor's Office	7,394	-	7,394	-	-	8,283	-	8,283	-	-
See Fr St & Con Svc(See St & Con Svc Ag	-	-	-	-	-	-	-	-	-	-
See Fr Bus, Trp & Hsg(See Bus Trp Hsg	-	-	-	-	-	-	-	-	-	-
See for Hlth & Wel(See Hlth & Wel Agcy)	-	-	-	-	-	-	-	-	-	-
See for Resources (See Resources Agcy)	-	-	-	-	-	-	-	-	-	-
See Fr Yth & Adlt Cor(See Yth & Adlt Ag	263	-	263	-	-	285	-	285	-	-
Office of California/Mexico Affairs	2,824	-	2,824	-	-	2,039	-	2,039	-	-
California State World Trade Commission	3,809	77	3,886	467	467	4,557	108	4,665	443	523
Office of Planning and Research	9,960	2,234	12,194	4,050	4,050	15,399	-583	14,816	4,747	4,754
Office of Emergency Services	-	-	-	-	-	20,000	-	20,000	-	8,500
Natural Disaster Assistance	-	-	-	-	-	-	-	-	-	-
Governors Portrait	-	-	-	-	-	-	-	-	-	-
Governor Elect and Outgoing Governor	-	-	-	-	-	-	-	-	-	-
Totals, Executive/Governor	24,250	2,311	26,561	-	4,517	50,563	-475	50,088	-	13,777
Executive/Constitutional Offices										
Office of the Lieutenant Governor	1,446	-	1,446	-	-	1,560	-	1,560	-	-
Department of Justice	154,239	31,173	185,412	-	8,344	180,847	35,831	216,678	-	9,618
State Controller	61,615	3,971	65,586	-	1,053	72,449	2,954	75,403	-	1,774
State Board of Equalization	100,816	6,677	107,493	-	-	114,825	12,119	126,944	-	-
Secretary of State	27,616	-	27,616	-	-	24,686	-	24,686	-	-
State Treasurer	5,627	-	5,627	-	-	6,640	-	6,640	-	-
California Debt Advisory Commission	-	1,028	1,028	-	-	1,142	1,142	1,142	-	-
California Debt Limit Allocation Commit	-	217	217	-	-	321	321	321	-	-
Calif Industrial Dev Financing Adv Comm	-	321	321	-	-	-	385	385	-	-
Mortgage Bond & Tax Credit Alloc Commit	-	-	-	-	-	-	-	-	-	-
Self-Esteem Personal Social Responsibility	-	335	335	-	-	324	650	974	-	-
Totals, Executive/Constitutional Offices	256	-	256	-	-	-	-	-	-	-
Totals, Legislative, Judicial, and Executive	351,615	43,722	395,337	-	9,397	401,331	53,402	454,733	-	11,392
STATE AND CONSUMER SERVICES										
Secretary for State and Consumer Service	718	-	718	-	-	828	-	828	-	-
Museum of Science and Industry	7,470	-	7,470	-	-	7,531	1,035	8,566	-	-
California Afro-American Museum	1,279	-	1,279	-	-	1,288	-	1,288	-	-
Department of Consumer Affairs	-	-	-	-	-	-	-	-	-	-
Board of Accountancy	4,434	-	4,434	-	-	6,138	6,138	6,138	-	-
Board of Architectural Examiners	2,980	-	2,980	-	-	3,855	3,855	3,855	-	-
Athletic Commission	742	227	969	-	-	789	320	1,109	-	-
Bureau of Automotive Repair	-	43,271	43,271	-	-	60,374	60,374	60,374	-	-
Totals, State and Consumer Services	17,143	43,271	60,414	-	-	79,523	11,352	90,875	-	-
TOTALS, LEGISLATIVE, JUDICIAL, AND EXECUTIVE	669,945	46,848	716,793	-	13,914	790,081	59,601	849,682	-	25,169

Schedule 9

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1988-89, 1989-90, AND 1990-91—Continued
 (Figures in thousands)

	Actual 1988-89			Estimated 1989-90			Estimated 1990-91								
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
Board of Barber Examiners	-	790	790	-	-	-	-	905	-	-	-	-	1,025	-	-
Board of Behavioral Science Examiners	-	1,885	1,885	-	-	-	-	2,401	-	-	-	-	2,667	-	-
Cemetery Board	-	302	302	-	-	-	-	326	-	-	-	-	340	-	-
Total Bureau of Collection & Invest Serv ..	-	3,869	3,869	-	-	-	-	5,119	-	-	-	-	5,598	-	-
Contractors State License Board	-	24,781	24,781	-	-	-	-	32,506	-	-	-	-	34,268	-	-
Board of Cosmetology	-	3,338	3,338	-	-	-	-	3,959	-	-	-	-	4,319	-	-
Board of Dental Examiners	-	3,407	3,407	-	-	-	-	3,973	-	-	-	-	4,641	-	-
Bureau of Electronic & Appliance Repair ..	-	1,094	1,094	-	-	-	-	1,300	-	-	-	-	1,292	-	-
Bureau of Personnel Services	-	391	391	-	-	-	-	166	-	-	-	-	-	-	-
Board of Funeral Directors and Embalmers ..	-	467	467	-	-	-	-	556	-	-	-	-	612	-	-
Bd of Reg for Geologists & Geophysicists ..	-	257	257	-	-	-	-	270	-	-	-	-	382	-	-
Board of Guide Dogs for the Blind	37	-	37	-	-	74	-	-	-	-	51	-	51	-	-
Bureau of Home Furnish & Thermal Insula ..	-	1,980	1,980	-	-	-	-	2,511	-	-	-	-	2,637	-	-
Board of Landscape Architects	-	424	424	-	-	-	-	458	-	-	-	-	509	-	-
Total Medical Quality Assurance	-	18,501	18,501	-	-	-	-	23,535	-	-	-	-	24,834	-	-
Board of Examiners of Nursing Home Ad- min.....	-	272	272	-	-	-	-	393	-	-	-	-	414	-	-
Board of Optometry	-	372	372	-	-	-	-	485	-	-	-	-	526	-	-
Board of Pharmacy	-	2,653	2,653	-	-	-	-	3,139	-	-	-	-	3,307	-	-
Polygraph Examiners Board	-	63	63	-	-	-	-	41	-	-	-	-	-	-	-
Bd of Reg for Prof Engineer & Lnd Survy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Board of Registered Nursing	-	3,803	3,803	-	-	-	-	4,669	-	-	-	-	4,653	-	-
Certified Shorthand Reporters Board	-	6,324	6,324	-	-	-	-	8,654	-	-	-	-	9,145	-	-
Structural Pest Control Board	-	2,098	2,098	-	-	-	-	2,453	-	-	-	-	667	-	-
Tax Preparers Program	-	845	845	-	-	-	-	856	-	-	-	-	2,546	-	-
Total Veterinary Medicine	-	711	711	-	-	-	-	918	-	-	-	-	950	-	-
Bd of Voc Nurse & Psych Tech Examiners ..	-	3,398	3,398	-	-	-	-	3,861	-	-	-	-	846	-	-
Division of Consumer Services	1,381	-	1,381	-	-	1,448	-	-	-	-	1,480	-	4,294	-	-
Totals, Department of Consumer Affairs	2,160	133,555	135,715	-	-	2,311	-	174,883	-	-	2,318	-	192,694	-	-
Dept of Fair Employment and Housing	10,395	-	10,395	-	2,337	11,446	-	-	2,066	-	11,812	-	-	-	2,066
Fair Employment and Housing Commission ..	814	-	814	-	-	820	-	-	-	-	830	-	-	-	-
Office of the State Fire Marshal	4,314	2,469	6,783	-	99	4,738	-	3,035	-	99	4,926	-	3,340	-	99
Franchise Tax Board	529	159,753	160,282	-	7	180,131	-	5,363	-	-	195,892	-	5,351	-	63
Dept of General Services	21,796	62,004	83,799	-	177	21,973	-	38,346	-	316	2,396	-	50,579	-	-
State Personnel Board	20,461	-	20,461	-	-	12,024	-	-	-	-	11,520	-	-	-	-
Public Employees' Retirement System	58	-	58	-	-	56	-	-	-	-	56	-	-	-	-
Department of Veterans Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General Activities	2,425	48	2,473	-	-	2,641	-	292	-	-	2,647	-	2,647	-	-
Veterans' Home of California	23,119	-	23,119	-	10,741	26,760	-	-	-	11,796	27,112	-	-	-	11,403
Totals, Department of Veterans Affairs.....	25,544	48	25,592	-	10,741	29,401	-	292	-	11,796	29,759	-	36	-	11,403
Vietnam Veterans Memorial Commission	-	913	913	-	-	-	-	397	-	-	-	-	36	-	-
TOTALS, STATE AND CONSUMER SERVICES	254,762	177,722	432,484	-	13,361	263,350	-	223,351	-	14,277	269,301	-	252,135	-	13,631
BUSINESS, TRANSPORTATION, AND HOUSING															
Business	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
See for Business,Transport and Housing	621	616	1,237	-	-	528	-	672	-	-	428	-	657	-	1,085
Dept of Alcoholic Beverage Control	20,326	-	20,326	-	-	22,447	-	-	-	-	23,114	-	-	-	23,114
Alcoholic Beverage Control Appeals Bd	-	439	439	-	-	-	-	497	-	-	-	-	529	-	529
State Banking Department	-	11,976	11,976	-	-	-	-	14,124	-	-	-	-	14,433	-	14,433
Dept of Corporations	9,081	-	9,081	-	-	9,911	-	-	-	-	10,322	-	-	-	10,322
Major Medical Insurance Board	-	-	-	-	-	-	-	75	-	-	-	-	175	-	175
Department of Commerce	13,012	560	13,572	-	22	20,304	-	867	-	92	11,428	-	6,430	-	17,858
St Asst Fd Enterprise,Bus & Ind Dev Cor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19
Dept of Housing & Community Development	6,090	4,014	10,104	521	1,348	6,671	-	750	-	2,493	6,805	-	-	-	-
Dept of Insurance	-	35,923	35,923	-	-	-	-	4,730	-	-	-	-	4,993	-	11,798
Dept of Real Estate	-	22,799	22,799	-	-	-	-	56,922	-	-	-	-	59,769	-	59,769
Dept of Savings and Loan	-	8,223	8,223	-	-	-	-	25,130	-	-	-	-	25,900	-	25,900
Totals, Business.....	49,130	84,550	133,680	521	1,370	59,861	-	111,966	2,493	2,101	52,097	-	121,665	5,242	2,225

Schedule 9

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1988-89, 1989-90, AND 1990-91—Continued

(Figures in thousands)

	Actual 1988-89			Estimated 1989-90			Estimated 1990-91						
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total
Transportation													
California Transportation Commission	-	1,956	1,256	-	222,279	5,000	1,547	1,547	-	225,757	-	1,428	1,428
Dept of Transportation	-	1,072,721	1,072,721	-	7,456	-	1,146,404	1,151,404	-	6,975	-	1,057,365	1,061,365
Office of Traffic Safety	-	228	228	-	2,770	-	305	305	-	2,950	-	309	309
Dept of the California Highway Patrol	-	481,626	481,626	-	328	-	526,157	526,157	-	417	-	553,060	553,060
Department of Motor Vehicles	64	372,088	372,152	-	-	64	416,934	416,998	-	-	-	449,690	449,754
Totals, Transportation	64	1,927,919	1,927,983	-	232,833	5,064	2,091,347	2,096,411	-	236,099	-	2,061,852	2,065,916
Statewide Distributed Costs													
Payment of Interest on Pnia Loans	-	-	-	-	-	6	-	6	-	-	-	-	459
General Obligation Bonds	-4,343	-	-4,343	-	-	569	-	569	-	-	-	-	569
Totals, Statewide Distributed Costs	-4,343	-	-4,343	-	-	575	-	575	-	-	-	-	1,028
TOTALS, BUSINESS, TRANSPORTATION, AND HOUSING	44,851	2,012,469	2,057,320	521	234,203	65,500	2,203,313	2,268,813	2,493	238,200	57,189	2,183,517	2,240,706
RESOURCES													
Natural Resources													
Secretary for Resources	1,231	75	1,306	-	-	1,384	475	1,859	-	-	-	75	1,500
Special Resources Program	525	-	525	-	-	525	-	525	-	-	-	100	625
California Tahoe Conservancy	735	-	735	607	42	810	52	862	738	-	-	34	853
St Asst Energy/Ca Bus & Dev (thru 12/89) ..	-	2,936	2,936	-	-	-	-	-	-	-	-	-	-
California Conservation Corps	40,339	5,780	46,119	-	-	41,092	6,034	47,126	-	-	-	6,103	49,250
Energy Resources Conservation & Dev Com	-	37,252	37,252	-	13,589	-	53,475	53,475	-	54,270	-	41,050	39,882
Renewable Resources Investment Program ..	-	1,919	1,919	-	-	-	1,766	1,766	-	-	-	1,766	1,766
Colorado River Board of California	209	10	219	-	-	276	11	287	-	-	-	8	291
Department of Conservation	14,205	139,377	153,782	-	494	14,921	199,388	214,309	-	633	-	267,397	282,603
Department of Forestry and Fire Protect ...	251,113	3,691	254,804	-	20,449	258,090	8,995	267,085	36	9,188	-	10,970	244,372
State Lands Commission	13,777	250	14,027	-	86	15,584	775	16,359	-	-	-	100	16,285
Seismic Safety Commission	938	-	938	-	-	1,223	79	1,302	-	-	-	982	982
Dept of Fish and Game	8,780	81,543	90,323	-	15,036	8,328	89,047	97,375	4,000	18,357	-	97,969	102,970
Wildlife Conservation Board	-	752	752	85	-	-	852	852	246	-	-	664	664
Dept of Boating & Waterways	263	-	263	-	188	273	130	403	-	850	-	80	356
California Coastal Commission	6,195	401	6,596	-	2,241	6,012	429	6,441	-	2,370	-	442	6,697
State Coastal Conservancy	-	-	-	2,725	-	-	-	-	2,891	-	-	-	2,853
Dept of Parks and Recreation	79,245	58,220	137,465	6,219	1,575	86,175	61,474	147,649	8,194	1,768	86,509	73,331	159,900
Sanita Monica Mountains Conservancy	166	-	166	-	-	212	-	212	48	-	216	-	216
San Francisco Bay Conserv & Develop Com	-	-	-	-	-	-	-	-	-	-	-	-	-
Department of Water Resources	1,551	-	1,551	-	-	1,661	35	1,696	-	72	1,700	-	1,700
Payment of Interest on Pnia Loans	28,560	5,967	34,527	1,250	1,048	7,298	29,388	36,686	2,931	1,509	32,694	7,299	39,993
General Obligation Bonds	15,700	-	15,700	271	-	12,537	-	12,537	4,201	-	13,091	-	13,091
Totals, Natural Resources	139,213	-	139,213	-	-	149,430	-	149,430	-	-	167,904	-	167,904
Environmental Affairs													
California Waste Management Board	4,370	733	5,103	-	-	4,732	4,005	8,737	-	-	4,784	41,836	46,620
Air Resources Board	2,813	50,070	52,883	-	5,042	2,916	64,716	67,632	-	3,041	2,961	72,459	75,420
State Water Resources Control Board	37,594	2,957	40,551	7,212	14,804	32,043	16,051	48,144	10,712	29,180	39,721	18,456	58,177
Payment of Interest on Pnia Loans	4,950	-	4,950	1,178	-	1,013	-	1,013	4,239	-	1,018	-	1,018
General Obligation Bonds	56,043	-	56,043	-	-	57,248	-	57,248	-	-	58,618	-	58,618
Totals, Environmental Affairs	105,770	53,760	159,530	8,390	19,846	98,002	84,772	182,774	14,951	32,221	107,102	132,751	239,853
TOTALS, RESOURCES	708,535	392,133	1,100,668	19,547	74,594	703,833	537,177	1,241,010	38,236	121,238	731,554	640,199	1,371,753
HEALTH AND WELFARE													
Secretary for Health and Welfare	1,663	-	1,663	-	1,207	1,874	-	1,874	-	1,539	1,549	-	1,549
State Council Developmental Disabilities	-	-	-	-	4,554	-	-	5,490	-	-	-	-	-
Area Bids on Developmental Disabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Medical Services Authority	914	-	914	229	-	1,040	-	1,040	-	248	1,071	172	1,243
Office Statewide Health Planning-Develop ..	1,452	22,237	23,689	-	1,452	2,037	24,792	26,829	-	-	1,917	28,103	30,020
Department of Aging	4,566	-	4,566	-	2,825	4,566	-	4,566	-	3,181	4,872	-	4,872
Commission on Aging	225	-	225	201	-	254	-	254	-	-	256	-	256
Dept of Alcohol and Drug Programs	6,819	806	7,625	-	5,683	7,473	1,221	8,694	-	12,576	6,555	1,665	8,220

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1988-89, 1989-90, AND 1990-91—Continued

(Figures in thousands)

	Actual 1988-89			Estimated 1989-90			Estimated 1990-91			
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
GENERAL GOVERNMENT										
General Administration	4,778	1,368	6,146	-	1,108	4,954	1,949	6,903	-	1,287
Office of Criminal Justice Planning	-	8,733	8,733	-	-	-	9,537	9,537	-	-
Comm on Peace Officer Standards & Train	6,443	-	6,443	-	-	9,771	-	9,771	-	-
State Public Defender	891	-	891	-	-	628	7	635	-	-
Admin & Payment of Tort Liability Claim	561	-	561	-	-	599	-	599	-	-
Commission for Economic Development	3,577	-	3,577	-	265	2,815	-	2,815	-	-
California Arts Council	294	-	294	-	-	318	-	318	-	-
Native American Heritage Commission	5,767	-	5,767	-	-	6,686	-	6,686	-	-
Agricultural Labor Relations Board	5,731	-	5,731	-	-	6,319	-	6,319	-	-
Public Employment Relations Board	110,074	7,242	117,316	-	4,051	137,173	8,885	146,058	-	14,582
Dept of Industrial Relations	6,808	-	6,808	-	-	8,150	-	8,150	-	-
Department of Personnel Administration	3,370	2,000	5,370	-	-	3,720	2,000	5,720	-	-
Subsequent Injuries	1,208	1,208	1,208	-	-	1,283	1,283	1,283	-	-
Board of Chiropractic Examiners	468	-	468	-	-	453	-	453	-	-
Board of Osteopathic Examiners	496	-	496	-	-	591	-	591	-	-
Board of Pilot Commissioners	204	-	204	-	-	274	-	274	-	-
California Auctioneer Commission	1,298	6,039	7,337	-	-	-	7,165	7,165	-	-
California Horse Racing Board	271	-	271	-	-	-	285	285	-	-
California Exposition and Fairs	48,590	-	48,590	-	1,642	90,058	57,894	147,892	-	2,011
Dept of Food and Agriculture	4,268	-	4,268	-	-	5,643	-	5,643	-	-
Fair Political Practices Commission	-	-	-	-	-	-	-	-	-	-
Political Reform Act of 1974	-	65,237	65,237	-	205	-	73,752	73,752	-	129
Public Utilities Commission	853	49,911	50,764	-	16,691	925	67,505	68,430	-	13,610
Board of Control	813	-	813	-	-	844	-	844	-	-
Commission on State Finance	-	-	-	-	-	-	-	-	-	-
Comm on Calif State Govt Org & Economy	510	-	510	-	-	538	-	538	-	-
Membership In Interstate Organizations	630	-	630	-	-	775	-	775	-	-
Commission on the Status of Women	608	-	608	-	-	603	-	603	-	-
California Law Revision Commission	573	-	573	-	-	596	-	596	-	-
Commission on Uniform State Laws	100	-	100	-	-	-	-	100	-	-
Department of Finance	25,033	-	25,033	-	-	27,312	-	27,312	-	-
Commission on State Mandates	520	-	520	-	-	611	-	611	-	-
Office of Administrative Law	2,757	-	2,757	-	-	2,911	-	2,911	-	-
Department of Economic Opportunity	85	-	85	-	6,585	89	89	89	-	7,522
Military Department	20,504	61	20,565	-	322,249	22,314	120	22,434	-	329,145
Totals, General Administration	279,155	192,168	471,323	-	352,796	334,442	231,640	566,082	-	368,653
Debt Service										
Payment of Interest on Pmia Loans	-	-	-	-	-	-	-	-	-	-
Bond Interest and Redemption	179,244	-	179,244	-	-	169,909	-	169,909	-	-
Payment of Interest on Gen Fund Loans	179,244	-	179,244	-	-	169,909	-	169,909	-	-
Totals, Debt Service	34,930	-	34,930	-	-	31,937	-	31,937	-	-
Statewide Distributed Costs										
General Obligation Bonds	34,930	-	34,930	-	-	31,937	-	31,937	-	-
Totals, Statewide Distributed Costs	34,930	-	34,930	-	-	31,937	-	31,937	-	-
Statewide Expenditures and Savings										
Health Benefits for Annuitants	155,702	-	155,702	-	-	199,785	-	199,785	-	-
Legislative Claims	11,184	2,475	13,659	-	16	7,484	1,056	8,540	11	25
Augmentation for Employee Compensation	505	-	505	-	-	6,690	4,405	11,005	-	-
Payment of Specified Attorney Fees	-	-	-	-	-	1,505	1,505	1,655	-	-
Reserve for Contingencies Or Emergency	-	-	-	-	-	1,500	1,500	3,000	-	-
Statewide Gen. Adm Exp (Pro Rata)	-112,337	96	-112,291	-	-	-118,720	46	-118,674	84	-
General Fund Credits From Federal Funds	-22,223	-	-22,223	-	-	-27,544	-	-27,544	-	-
Section 3.60 Adjustments	-	-	-	-	-	-43,298	-672	-43,970	-	-
Estimated Unidentifiable Savings	-	-	-	-	-	-19,000	-	-19,000	-	-
Ctrl Section for Bdgt Enactment Procees	-	-	-	-	-	-	-	-	-	-
Totals, Statewide Expenditures and Savings	32,781	2,696	35,477	-	16	8,312	6,485	14,797	95	25
TOTALS, GENERAL GOVERNMENT										
526,110	194,864	720,974	-	352,812	544,600	238,125	782,725	368,678	95	381,124
8,864,846	2,977,458	11,842,304	84,973	4,998,817	10,039,374	3,546,433	13,585,807	192,140	172,891	5,675,707

Schedule 9

Appendix 30

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1988-89, 1989-90, AND 1990-91—Continued
 (Figures in thousands)

	Actual 1988-89				Estimated 1989-90				Estimated 1990-91						
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
RESOURCES															
Natural Resources															
Special Resources Program	777	410	1,187	-	-	777	589	1,366	-	-	896	565	1,461	-	-
California Tahoe Conservancy	-	2,172	2,172	-	929	-	1,000	1,000	-	71	-	1,000	1,000	-	-
Energy Resources Conservation & Dev Com	-	2,936	2,936	-	-	-	2,008	2,008	-	3,550	-	3,643	3,643	-	-
Department of Conservation	-	220	220	-	-	-	164	164	-	-	-	-	-	-	-
Department of Forestry and Fire Protect	-	-	-	-	-	-	-	-	633	-	-	-	-	633	-
Dept of Boating & Waterways	-	2,000	2,000	-	1,440	300	4,592	4,892	-	4,250	-	5,706	5,706	-	2,550
California Coastal Commission	-	-	-	-	299	-	-	-	-	300	-	-	-	-	300
State Coastal Conservancy	-	-	-	-	-	-	1,100	1,100	-	-	-	-	-	-	-
Dept of Parks and Recreation	-	14,081	14,081	-	1,206	1,326	22,488	23,814	-	4,155	-	11,542	11,542	149,943	2,325
Department of Water Resources	-	17,816	17,816	-	20,949	13,000	10,680	23,680	-	-	13,000	43,352	56,352	87,370	-
State Mandated Local Costs	550	-	550	-	-	840	501	1,341	-	-	1,365	-	1,365	-	-
Totals, Natural Resources	1,327	39,635	40,962	90,986	3,874	16,243	43,122	59,365	289,464	12,326	15,261	65,808	81,069	237,946	5,175
Environmental Affairs															
California Waste Management Board	-	-	-	-	-	-	-	-	-	-	-	5,500	5,500	-	-
Air Resources Board	-	7,511	7,511	-	3,407	-	7,511	7,511	-	7,948	-	7,511	7,511	-	-
State Water Resources Control Board	-	-	-	-	3,848	-	3,008	3,008	-	173,566	-	5,124	5,124	92,000	175,363
Totals, Environmental Affairs	-	7,511	7,511	46,742	7,255	-	10,519	10,519	119,800	181,514	-	18,135	18,135	92,000	175,363
TOTALS, RESOURCES	1,327	47,146	48,473	137,728	11,129	16,243	53,641	69,884	409,264	193,840	15,261	83,943	99,204	329,946	180,538
HEALTH AND WELFARE															
Emergency Medical Services Authority	2,856	-	2,856	-	1,809	2,857	-	2,857	-	1,476	3,057	-	3,057	-	1,471
Office Statewide Health Planning-Develop	4,033	-	4,033	-	-	2,886	-	2,886	-	-	2,880	-	2,880	-	-
Department of Aging	32,624	-	32,624	-	80,301	33,099	-	33,099	-	80,867	31,068	-	31,068	-	80,427
Dept of Alcohol and Drug Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcohol Program	37,274	-	37,274	-	21,770	37,274	-	37,274	-	37,467	34,382	-	34,382	-	27,828
Drug Program	32,547	-	32,547	-	36,452	36,147	-	36,147	-	70,133	33,971	-	33,971	-	48,332
Pilot Project Combined Services Program	-	-	-	-	-	-	-	-	-	-	6,082	-	6,082	-	12,427
Totals, Dept of Alcohol and Drug Programs	69,821	-	69,821	-	58,222	73,421	-	73,421	-	107,600	74,435	-	74,435	-	88,587
Dept of Health Services															
Medical Assistance Program	2,952,095	-	2,952,095	-	3,060,481	3,495,856	19,894	3,515,750	-	3,631,928	3,830,402	19,788	3,850,190	-	4,116,860
Public Health Service	1,203,113	400	1,203,513	-	209,269	1,116,406	641,414	1,757,820	-	291,024	961,444	468,156	1,429,600	-	302,449
Cost of Living: Medi-Cal	52,493	-	52,493	-	52,231	123,555	-	123,555	-	123,021	-	-	-	-	-
Cost of Living: Public Health-Other	-	-	-	-	-	20,329	-	20,329	-	-	-	-	-	-	-
Totals, Dept of Health Services	4,207,701	400	4,208,101	-	3,321,981	4,756,146	661,308	5,417,454	-	4,045,973	4,791,846	487,944	5,279,790	-	4,419,309
Dept of Developmental Services	492,054	4,474	496,528	-	759	485,814	3,915	489,729	-	-	511,264	2,975	514,239	-	-
Dept of Mental Health	581,371	64	581,435	-	21,661	597,880	25,500	623,380	-	27,352	595,898	35,500	631,398	-	27,352
Employment Development Dept	-	-	-	-	1,902,183	-	-	-	-	2,528,505	-	-	-	-	2,485,485
Dept of Rehabilitation	76,710	-	76,710	-	-	73,777	-	73,777	-	-	73,927	-	73,927	-	-
Dept of Social Services															
SSI/SSP Grants	1,962,347	-	1,962,347	-	13,762	2,165,655	-	2,165,655	-	16,757	2,216,846	-	2,216,846	-	13,686
Payments for Children	2,352,858	-	2,352,858	-	2,298,108	2,628,897	-	2,628,897	-	2,541,321	2,902,009	-	2,902,009	-	2,712,480
Special Adult Programs	3,286	-	3,286	-	71	3,697	-	3,697	-	75	4,086	-	4,086	-	75
Social Service Programs	689,471	-	689,471	-	459,971	825,390	-	825,390	-	562,494	805,388	-	805,388	-	587,749
Refugee Programs	-	-	-	-	33,561	-	-	-	-	44,782	-	-	-	-	51,468
Community Care Licensing	9,429	-	9,429	-	5,375	9,527	-	9,527	-	5,477	8,577	-	8,577	-	5,648
County Administration	154,053	-	154,053	-	432,641	182,887	-	182,887	-	546,076	200,943	-	200,943	-	614,996
Special Adjustment: Cost-Of-Living	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,133
Totals, Dept of Social Services	5,171,444	-	5,171,444	-	3,243,489	5,816,053	-	5,816,053	-	3,716,982	6,137,849	-	6,137,849	-	4,009,235
Immigration Reform and Control Act	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State Mandated Local Costs	1,004	-	1,004	-	-	12,440	-	12,440	-	-	4,790	-	4,790	-	-
TOTALS, HEALTH AND WELFARE	10,639,617	4,938	10,644,555	-	8,630,405	11,854,372	690,723	12,545,095	-	10,508,755	12,227,014	526,419	12,753,433	-	11,111,866

Schedule 9

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1988-89, 1989-90, AND 1990-91—Continued
 (Figures in thousands)

	Actual 1988-89			Estimated 1989-90			Estimated 1990-91		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
YOUTH AND ADULT CORRECTIONAL AGENCY									
Dept of Corrections									
Transportation of Prisoners	383	-	383	375	-	375	375	-	375
Returning Fugitives	620	-	620	1,173	-	1,173	2,306	-	2,306
Court Costs and County Charges	8,288	-	8,288	8,110	-	8,110	8,110	-	8,110
Asst to Counties for Detention of Parolees ..	13,706	-	13,706	14,886	-	14,886	14,054	-	14,054
Loan to Del Norte County	-	-	-	1,190	-	1,190	-	-	-
Totals, Dept of Corrections	22,997	-	22,997	25,734	-	25,734	24,845	-	24,845
Board of Corrections									
County Correctional Staff Training	-	10,619	10,619	-	12,774	12,774	-	14,274	14,274
County Correctional Facility Constructi ..	-	-	-	-	-	-	-	-	-
Totals, Board of Corrections	-	10,619	10,619	-	12,774	12,774	-	14,274	14,274
Dept of Youth Authority									
Transportation of Wards	65	-	65	95	-	95	95	-	95
Delinquency Prevention	2,306	-	2,306	2,307	-	2,307	2,307	-	2,307
Asst to Counties for Detention of Parolees ..	2,207	-	2,207	3,705	-	3,705	3,705	-	3,705
County Justice Subvention Program	67,298	-	67,298	67,298	-	67,298	67,298	-	67,298
Regional Youth Education Centers	500	-	500	500	-	500	500	-	500
County Correction Facility (Juvenile Facil) ..	-	-	-	-	-	-	-	-	-
Totals, Dept of Youth Authority	72,376	-	72,376	73,905	-	73,905	73,905	-	73,905
State Mandated Local Costs	16	-	16	66	-	66	122	-	122
TOTALS, YOUTH AND ADULT CORRECTION-AL AGENCY	95,389	10,619	106,008	99,705	12,774	112,479	98,872	14,274	113,146
EDUCATION									
K thru 12 Education									
Department of Education									
Adult Education	256,723	-	256,723	287,592	-	287,592	294,665	-	294,665
American Indian Education Centers	861	-	861	1,912	-	1,912	1,912	-	1,912
Appointments-County Offices	110,865	55	110,920	129,795	-	129,795	134,006	-	134,006
Appointments-District	9,244,887	12,769	9,257,656	9,758,578	11,904	9,770,582	9,708,505	11,785	9,720,290
Appointments-ROC/P	215,466	-	215,466	230,580	-	230,580	231,948	-	231,948
Child Development	333,605	-	333,605	349,626	-	349,626	345,656	-	345,656
Child Nutrition	42,078	-	42,078	46,770	-	46,770	48,068	-	48,068
Cost-Of-Living Adjustment	-	-	-	-	-	-	540,000	-	540,000
Curriculum Services	28,550	-	28,550	1,162	-	1,162	574,043	-	574,043
Demo Programs in Reading and Mathemat-ics	4,367	-	4,367	4,570	-	4,570	14,731	-	14,731
Desegregation-Court Ordered	399,933	-	399,933	395,401	-	395,401	4,570	-	4,570
Desegregation-Voluntary	50,343	-	50,343	65,011	-	65,011	431,638	-	431,638
Driver Training	20,576	-	20,576	21,236	-	21,236	72,092	-	72,092
Ecia Chapter 1 (Compensatory Education)	-	-	-	375,305	-	375,305	21,236	-	21,236
Ecia Chapter 1E-Block Grant	-	-	-	39,686	-	39,686	-	-	-
Economic Impact Aid Program (EIA)	231,952	-	231,952	206,092	-	206,092	249,679	-	249,679
Class Size Reduction Incentive Program ..	-	-	-	-	-	-	110,000	-	110,000
Environmental Education	604	-	604	765	-	765	515	-	515
Gifted and Talented Education Programs ..	26,433	-	26,433	24,520	-	24,520	28,503	-	28,503
Home to School Transportation	293,224	-	293,224	317,067	-	317,067	317,067	-	317,067
Instructional Materials (9-12)	24,004	-	24,004	24,809	-	24,809	25,235	-	25,235
Instructional Materials (K-8)	88,474	-	88,474	95,520	-	95,520	99,599	-	99,599
Library Services	33,904	-	33,904	34,800	-	34,800	34,579	-	34,579
Loan Repayments From School Districts ..	-3,904	-	-3,904	-1,909	-	-1,909	-686	-	-686
Drug-Free Schools and Community Pro-gram	-	-	-	-	-	-	-	-	-
Earthquakes	6,909	-	6,909	1,293	-	1,293	-	-	-
Ecia Chapter 1 (Migrant)	-	-	-	-	-	-	-	-	-
Miller-Unruh Reading Program	19,869	-	19,869	20,791	-	20,791	20,791	-	20,791
Native American Indian Education	365	-	365	382	-	382	382	-	382
Refugees and Immigrant Programs	-	-	-	-	-	-	-	-	-
TOTALS, EDUCATION	11,006	-	11,006	152,582	-	152,582	211,130	-	211,130

Schedule 9
COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1988-89, 1989-90, AND 1990-91—Continued
(Figures in thousands)

Appendix 33

Schedule 9

**COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1988-89, 1989-90, AND 1990-91—Continued**

(Figures in thousands)

	Actual 1988-89			Estimated 1988-90			Estimated 1990-91			
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
Disaster Service Workers	512	-	512	-	-	663	-	663	-	-
Dept of Food and Agriculture	11,322	34,028	45,350	-	-	11,325	45,495	60,369	-	-
Commission on State Mandates	-	-	-	-	-	-	-	-	-	-
Department of Economic Opportunity	-	-	-	-	104,423	-	-	-	-	-
Totals, General Administration	61,186	77,671	138,857	-	126,812	92,404	92,173	184,577	-	157,744
Local Government Aid										
Tax Relief										
Senior Citizens Property Tax Assistance ..	3,828	-	3,828	-	-	4,286	-	4,286	-	-
Senior Citizens Property Tax Deferral	7,441	-	7,441	-	-	8,000	-	8,000	-	-
Senior Citizens Renters Tax Assistance	17,840	-	17,840	-	-	19,930	-	19,930	-	-
Homeowners' Property Tax Relief	348,393	-	348,393	-	-	353,619	-	353,619	-	-
Subventions for Open Space	14,468	-	14,468	-	-	19,600	-	19,600	-	-
Renters' Tax Relief	487,232	-	487,232	-	-	506,319	-	506,319	-	-
Substandard Housing	212	-	212	-	-	278	-	278	-	-
Totals, Tax Relief	879,414	-	879,414	-	-	912,032	-	912,032	-	-
Local Government Financing										
Shared Revenues										
Apportionment Hwy Prop Rental Receipts	-	3,331	3,331	-	-	-	3,400	3,400	-	-
Apportionment Off Highway License Fees	-	739	739	-	-	-	841	841	-	-
Apportionment Fed Receipts Flood Control	-	-	-	-	174	-	-	-	-	170
Apportionment Fed Receipts Forest Res	-	-	-	-	63,311	-	-	-	-	63,000
Apportionment Fed Receipts Crazy Land	-	-	-	-	133	-	-	-	-	133
Apportionment Fed Potash Lease Rentals	-	-	-	-	3,027	-	-	-	-	2,000
Apportionment of Trailer Coach Fees	-	10,014	10,014	-	-	-	-	-	-	-
Apportionment Motor Vehicle License Fee	-	1,898,381	1,898,381	-	-	2,051,877	-	2,195,669	-	-
Apportionment Cigarette Tax	-	68,603	68,603	-	-	64,802	-	55,794	-	-
Apportionment Tideland Revenues	226	-	226	-	-	300	-	300	-	-
Apportionment for County Roads	-	283,742	283,742	-	-	285,969	-	292,564	-	-
Apportionment for City Streets	-	207,224	207,224	-	-	209,544	-	212,412	-	-
Apportionment County Road & City Street	-	129,637	129,637	-	-	130,111	-	132,292	-	-
Apportionment of Geothermal Res Develop	-	2,558	2,558	-	-	2,354	-	2,354	-	-
Totals, Shared Revenues	226	2,604,229	2,604,455	-	66,645	300	2,758,787	2,905,077	-	42,303
Totals, Local Government Aid	954,474	2,604,229	3,558,703	5,000	68,810	968,732	2,758,787	3,871,713	-	42,303
Statewide Distributed Costs										
State Mandated Local Costs	36,582	340	36,922	-	-	19,110	1,567	22,236	-	-
Totals, Statewide Distributed Costs	36,582	340	36,922	-	-	19,110	1,567	22,236	-	-
Statewide Expenditures and Savings										
St-Oakland Bay Bridge & I-880 Disast Fnd	-	-	-	-	-	30,000	-	-	-	-
Estimated Unidentifiable Savings	-	-	-	-	-	-106,000	-	-149,000	-	-
Estimated Bond Fund Appropri Adjustments	-	-	-	-	-	-	-	-	-	-
Ctrl Section for Bdgt Enactment Proces ..	-	-	-	-	-	-	-	-	-	-
Totals, Statewide Expenditures and Savings	-	-	-	-	-	-76,000	-	-149,000	-	-
TOTALS, GENERAL GOVERNMENT	1,052,242	2,682,240	3,734,482	5,000	195,622	1,004,246	2,852,527	3,905,309	3,941,054	170,819
TOTALS, LOCAL ASSISTANCE	27,310,073	2,948,015	30,258,088	1,889,705	10,546,101	30,079,465	3,856,414	33,935,879	2,366,394	13,803,467
CAPITAL OUTLAY										
LEGISLATIVE, JUDICIAL, AND EXECUTIVE										
Executive/Governor	-	94	94	-	-	-	-	230	230	-
Office of Emergency Services	-	-	-	-	-	-	-	-	-	147,900
Natural Disaster Assistance	-	-	-	-	-	-	-	-	-	-
Totals, Executive/Governor	-	94	94	-	-	-	-	230	230	147,900
Executive/Constitutional Offices										
Department of Justice	391	72	463	-	-	-	-	248	248	-
State Board of Equalization	-	3	3	-	-	-	-	-	-	-

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND

FISCAL YEARS 1988-89, 1989-90, AND 1990-91—Continued

(Figures in thousands)

	Actual 1988-89			Estimated 1989-90			Estimated 1990-91		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
State Treasurer	-	-	-	-	-	-	-	-	-
Totals, Executive/Constitutional Offices	391	75	466	-	-	-	-	100	100
TOTALS, LEGISLATIVE, JUDICIAL, AND EXECUTIVE	391	169	560	-	-	-	-	348	348
STATE AND CONSUMER SERVICES									
Museum of Science and Industry	-	115	115	-	4,254	4,254	-	929	929
Dept of General Services	-	2,701	2,701	-	-	-	-	-	-
Department of Veterans Affairs	-	1,577	1,577	-	2,546	2,546	-	5,374	5,374
Veterans' Home of California	-	1,577	1,577	-	2,546	2,546	-	5,374	5,374
Totals, Department of Veterans Affairs	-	4,993	4,993	-	6,800	6,800	-	6,303	6,303
TOTALS, STATE AND CONSUMER SERVICES	-	4,993	4,993	-	6,800	6,800	-	6,303	6,303
BUSINESS, TRANSPORTATION, AND HOUSING									
Transportation	-	205,621	205,621	-	199,464	199,464	-	194,950	194,950
Dept of Transportation	-	6,239	6,239	-	5,185	5,185	-	2,184	2,184
Dept of the California Highway Patrol	-	2,184	2,184	-	2,979	2,979	-	640	640
Department of Motor Vehicles	-	214,044	214,044	-	207,628	207,628	-	197,774	197,774
Totals, Transportation	-	214,044	214,044	-	207,628	207,628	-	197,774	197,774
TOTALS, BUSINESS, TRANSPORTATION, AND HOUSING	-	214,044	214,044	-	207,628	207,628	-	197,774	197,774
NATURAL RESOURCES									
California Tahoe Conservancy	-	1,135	1,135	-	2,174	2,174	-	3,626	3,626
California Conservation Corps	34	859	893	-	1,394	1,394	-	416	416
Department of Forestry and Fire Protect	-	-	-	-	2,825	2,825	-	1,195	1,195
State Lands Commission	66	1,623	1,689	-	644	644	-	1,155	1,155
Dept of Fish and Game	-	5,970	5,970	-	987	987	-	60	60
Wildlife Conservation Board	-	250	250	-	9,987	9,987	-	1,850	1,850
State Coastal Conservancy	-	7,650	7,650	-	5,415	5,415	-	16,426	16,426
Dept of Parks and Recreation	-	11,543	11,543	-	9,085	9,085	-	15,587	15,587
Santa Monica Mountains Conservancy	-	29,021	29,021	-	52,927	52,927	-	7,606	7,606
Department of Water Resources	100	29,021	29,121	-	85,438	85,438	-	31,495	31,495
Totals, Natural Resources	-	103	103	-	958	958	-	-	-
Environmental Affairs	-	103	103	-	958	958	-	-	-
Air Resources Board	-	103	103	-	958	958	-	-	-
Totals, Environmental Affairs	-	29,124	29,224	-	86,396	86,396	-	31,495	31,495
TOTALS, RESOURCES	100	29,124	29,224	-	86,396	86,396	-	175,216	175,216
HEALTH AND WELFARE									
Dept of Health Services	-	93	93	-	945	945	-	235	235
Dept of Developmental Services	-	8,841	8,841	-	11,686	11,686	-	12,812	12,812
Dept of Mental Health	-	26,228	26,228	-	28,619	28,619	-	14,170	14,170
Employment Development Dept	-	167	167	-	191	191	-	123	123
Totals, Health and Welfare	-	35,329	35,329	-	41,441	41,441	-	27,340	27,340
TOTALS, HEALTH AND WELFARE	-	35,329	35,329	-	41,441	41,441	-	27,340	27,340
YOUTH AND ADULT CORRECTIONAL AGENCY									
Dept of Corrections	-3	2,536	2,533	-	610	610	-	-	-
Dept of Youth Authority	78	136	214	-	25	25	-	-	-
Totals, Youth and Adult Correctional Agency	75	2,672	2,747	-	635	635	-	-	-
TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY	75	2,672	2,747	-	635	635	-	154,507	154,507

Schedule 9

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FISCAL YEARS 1988-89, 1989-90, AND 1990-91—Continued
 (Figures in thousands)

	Actual 1988-89			Estimated 1989-90			Estimated 1990-91		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
EDUCATION									
K thru 12 Education									
State Library	-	180	180	-	-	-	-	-	-
Totals, K thru 12 Education	-	180	180	-	-	-	-	-	-
Community Colleges									
Bd of Governors of Calif Comm Colleges	-	504	504	-	193	193	-	97,807	97,807
Totals, Community Colleges	-	504	504	-	193	193	-	97,807	97,807
Higher Education— Ue, CSU and Other									
University of California	-	-	-	-	-	-	-	-	-
California State University	-	659	659	-	24	24	-	127,000	127,000
California Maritime Academy	-	-	-	-	263	-	-	119,400	119,400
Totals, Higher Education— Ue, CSU and Other	-	659	659	-	24	24	-	60	60
TOTALS, EDUCATION	-	1,343	1,343	-	217	217	-	246,460	246,460
GENERAL GOVERNMENT									
General Administration	-	-	-	-	-	-	-	-	-
Dept of Industrial Relations	-	1,048	1,048	-	302	502	-	586	2,686
Dept of Food and Agriculture	-	157	157	-	484	484	-	1,195	1,195
Military Department	-	-	-	-	-	-	-	-	-
Totals, General Administration	-	1,205	1,205	-	786	986	-	1,781	3,881
Statewide Expenditures and Savings	-	-5,633	-5,633	-	846	846	-	300	555
Unallocated Capital Outlay	-	-	-	-	-	-	-	-	-
Estimated Bond Fund Appropriations	-	-	-	-	-	-	-	-	-
Ctrl Section for Bldg Enactment Process	-	-	-	-	-	-	-	-	-
Totals, Statewide Expenditures and Savings	-	-5,633	-5,633	-	846	846	-	300	555
TOTALS, GENERAL GOVERNMENT	-	-4,428	-4,428	-	1,632	1,832	-	2,081	4,436
TOTALS, CAPITAL OUTLAY	566	282,646	283,212	200	344,749	344,949	2,355	265,571	267,926
UNCLASSIFIED									
BUSINESS, TRANSPORTATION, AND HOUSING									
Transportation	-	-	-	-	-	-	-	-	-
Dept of Transportation	-	-	-	-	-	-	-	-	-
Totals, Transportation	-	-	-	-	-	-	-	-	-
TOTALS, BUSINESS, TRANSPORTATION, AND HOUSING	-	-	-	-	-	-	-	-	-
RESOURCES									
Natural Resources	-	14,773	14,773	-	14,000	14,000	-	14,000	14,000
Dept of Boating & Waterways	-	14,773	14,773	-	14,000	14,000	-	14,000	14,000
Totals, Natural Resources	-	14,773	14,773	-	14,000	14,000	-	14,000	14,000
TOTALS, RESOURCES	-	14,773	14,773	-	14,000	14,000	-	14,000	14,000
GENERAL GOVERNMENT									
Statewide Expenditures and Savings	813	-	813	-	-	883	-	-	-
Federal Levy of State Funds	-279,000	-	-279,000	-	-	-50,000	-	-	-
Reserve for Encumbrances	-	-	-	-	-	-	-	-	-
Totals, Statewide Expenditures and Savings	-278,187	-	-278,187	-	-	-49,117	-	-	-
TOTALS, GENERAL GOVERNMENT	-278,187	-	-278,187	-	-	-49,117	-	-	-
TOTALS, UNCLASSIFIED	-278,187	14,773	-263,414	-	14,000	-35,117	-	14,000	14,000
TOTAL	35,897,298	6,222,892	42,120,190	2,514,183	7,761,596	47,831,518	42,612,736	7,911,649	50,524,385
									20,162,447

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND

FISCAL YEARS 1988-89, 1989-90, AND 1990-91—Continued

(Figures in thousands)

	Actual 1988-89				Estimated 1989-90				Estimated 1990-91			
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds
State Operations	8,864,846	2,977,458	11,842,304	84,973	4,988,817	10,039,374	3,546,433	13,585,807	192,140	5,431,160	10,929,055	3,730,253
Local Assistance	27,310,073	2,948,015	30,258,088	1,889,705	10,546,101	30,079,465	3,856,414	33,935,879	819,282	13,476,398	31,691,326	3,901,825
Capital Outlay	566	282,646	283,212	539,505	1,081,253	200	344,749	344,949	1,259,565	1,380,854	2,355	265,571
Unclassified	-278,187	14,773	-263,414	-	-	-49,117	14,000	-35,117	-	-	-	14,000
BUDGET ACT TOTALS	34,584,656	3,111,422	37,696,078	329,043	12,516,024	38,198,473	3,659,021	41,857,494	517,915	15,533,302	41,072,305	3,804,604
State Operations	8,219,284	2,714,295	10,933,579	72,493	1,678,733	9,277,469	3,197,315	12,474,784	53,764	1,936,104	10,087,059	3,321,580
Local Assistance	26,365,078	231,681	26,596,759	53,807	10,403,462	28,921,004	313,694	29,234,698	206,544	12,936,868	30,965,246	321,654
Capital Outlay	294	165,446	165,740	202,743	433,829	-	148,012	148,012	257,607	660,330	-	161,370
Unclassified	-	-	-	-	-	-	-	-	-	-	-	-
STATUTORY APPROPRIATIONS	570,378	2,936,106	3,506,484	1,857,111	17,702	695,035	3,119,337	3,814,372	512,633	10,446	702,280	3,399,175
State Operations	101,504	222,910	323,714	9,157	8,660	74,727	291,407	366,134	114,606	55	35,666	365,374
Local Assistance	468,874	2,699,123	3,167,987	1,830,219	9,042	620,308	2,780,584	3,400,892	347,257	10,391	666,359	3,019,801
Capital Outlay	-	14,773	-	17,735	-	-	33,346	33,346	50,770	-	255	-
Unclassified	-	-	-	-	-	-	14,000	14,000	-	-	-	14,000
CONSTITUTIONAL APPROPRIATIONS	513,495	-	513,495	-	-	643,623	-	643,623	-	-	831,648	-
State Operations	513,495	-	513,495	-	-	643,623	-	643,623	-	-	831,648	-
Local Assistance	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-
Unclassified	-	-	-	-	-	-	-	-	-	-	-	-
OTHER APPROPRIATIONS	228,769	175,364	404,133	328,029	4,092,450	532,791	983,238	1,516,029	1,240,439	4,744,594	6,503	707,870
State Operations	30,563	40,953	71,516	3,323	3,311,424	43,553	57,711	101,266	23,770	3,495,001	-25,318	43,299
Local Assistance	476,121	17,211	493,332	5,679	133,597	538,153	762,136	1,300,289	265,481	529,069	29,721	560,370
Capital Outlay	272	117,200	117,472	319,027	647,429	200	163,391	163,591	951,188	720,524	2,100	104,201
Unclassified	-278,187	-	-278,187	-	-	-49,117	-	-49,117	-	-	-	-

Schedule 9A
PROPOSITION 98 GUARANTEE
FISCAL YEARS 1988-89, 1989-90, 1990-91

(Dollars in thousands)

	<u>Actual 1988-89</u>	<u>Estimated 1989-90</u>	<u>Estimated 1990-91</u>
	<i>General Fund</i>	<i>General Fund</i>	<i>General Fund</i>
Part 1—General Fund Appropriations			
STATE OPERATIONS			
HEALTH AND WELFARE			
Department of Developmental Services.....	\$34,028	\$22,092	\$24,989
Department of Mental Health Services	4,330	6,879	7,263
YOUTH AND ADULT CORRECTIONAL			
Department of the Youth Authority	22,610	27,936	27,822
EDUCATION			
Department of Education—State Special Schools.....	39,449	43,201	45,078
GENERAL GOVERNMENT			
Employee Compensation	—	—	3,000
Totals, State Operations	<u>\$100,417</u>	<u>\$100,108</u>	<u>\$108,152</u>
LOCAL ASSISTANCE			
EDUCATION			
K thru 12 Education			
Department of Education:			
Adult Education.....	\$273,723	\$287,592	\$294,665
American Indian Education Centers.....	861	1,912	1,912
Apportionments-County Offices	110,865	129,795	134,006
Apportionments-District.....	9,245,009	9,758,676	9,708,505
Apportionments-ROC/P	215,466	230,560	231,948
Child Development	330,240	345,656	345,656
Child Nutrition.....	42,677	46,770	48,068
Cost-of-Living Adjustment.....	—	—	574,043
Curriculum Services.....	28,454	1,161	14,731
Demo Programs In Reading and Mathematics.....	4,367	4,570	4,570
Desegregation-Court Ordered	399,933	395,401	431,638
Desegregation-Voluntary	50,343	65,011	72,092
Economic Impact Aid Program (EIA)	231,952	206,092	249,679
Class Size Reduction Incentive Program	—	—	110,000
Gifted and Talented Education Programs.....	26,433	24,520	28,503
Home to School Transportation.....	293,224	317,067	317,067
Instructional Materials (9-12)	24,004	24,809	25,235
Instructional Materials (K-8).....	88,474	95,520	99,599
Miller-Unruh Reading Program.....	19,869	20,791	20,791
Native American Indian Education	365	382	382
School Improvement Programs (SIP)	285,081	259,518	305,356
Special Education	1,187,624	1,306,830	1,399,533
Staff Development	82,779	77,694	102,574
Supplemental Grant	—	180,000	180,000
Supplementary Program Services	15,172	16,170	17,126
Tenth Grade Counseling	7,223	7,445	7,639
Vocational Education.....	14,658	14,831	12,431
Year-Round School Incentives	5,059	36,000	51,846
Proposition 98 Reserve/Appropriations	—	106,169	210,000
State Mandated Local Costs	72,860	126,557	194,732
School Facilities Aid Program.....	74,899	54,516	76,732
Totals, K Thru 12 Education	<u>\$13,131,614</u>	<u>\$14,142,015</u>	<u>\$15,271,059</u>

Schedule 9A—Continued
PROPOSITION 98 GUARANTEE
FISCAL YEARS 1988–89, 1989–90, 1990–91
(Dollars in thousands)

	<i>Actual 1988–89</i>	<i>Estimated 1989–90</i>	<i>Estimated 1990–91</i>	
	<i>General Fund</i>	<i>General Fund</i>	<i>General Fund</i>	
Board of Governors of California Community Colleges:				
Apportionments for Community Colleges.....	\$1,304,498	\$1,389,681	\$1,502,017	
State Support—Academic Senate.....	150	150	150	
Extended Opportunity Program.....	44,726	46,493	48,213	
Disabled Students.....	27,514	30,055	32,284	
Instructional Improvements.....	736	736	736	
Deferred Maintenance and Special Repairs.....	15,000	15,000	15,000	
Vocational Education Allocations.....	1,270	1,270	1,270	
Instruc Equip Replace and Lib Materials.....	11,862	—	—	
Foster Parent Training Programs.....	900	900	900	
Transfer Centers.....	1,903	1,991	2,095	
Transfer Education and Articulation.....	685	1,485	1,485	
Hazardous Substances.....	5,000	8	8,000	
Matriculation.....	20,626	35,870	38,506	
Faculty and Staff Diversity.....	1,000	1,000	2,000	
Faculty and Staff Development.....	4,900	4,900	4,900	
Accountability/Management Information System.....	—	6,400	375	
Academic Standards and Evaluation.....	—	—	50	
Economic Development.....	3,939	4,127	5,256	
Proposition 98 Reserve/Appropriations.....	—	—	10,000	
State Mandated Local Costs.....	1,400	15,073	15,496	
Totals, Community Colleges.....	\$1,446,109	\$1,563,131	\$1,688,733	
GENERAL GOVERNMENT				
General Administration:				
Office of Criminal Justice Planning.....	—	\$16,700	\$26,700	
Board of Control Claim.....	—	1,250	—	
Total, General Government.....	—	\$17,950	\$26,700	
Totals, Local Assistance.....	\$14,577,723	\$15,273,096	\$16,986,492	
Total Appropriations, State Operations and Local Assistance..	\$14,678,140	\$15,823,204	\$17,094,644	
Part Two—Revenues				
	<i>Reference to Schedule</i>	<i>Actual 1988–89</i>	<i>Estimated 1989–90</i>	<i>Estimated 1990–91</i>
<i>Revenues and Transfers</i>				
General Fund revenues.....	8	\$36,782,000	\$39,280,000	\$42,825,000
Less non-tax revenues.....	14-B	—881,000	—1,023,000	—1,041,000
Plus SAL ¹ transfers.....	14-C	11,000	22,000	3,000
Total General Fund SAL Revenues and Transfers.....		\$35,912,000	\$38,279,000	\$41,787,000
K thru 14 Minimum Percentage Share of SAL Revenues and Transfers.....		40.879%	40.901%	40.909%
Proposition 98 Appropriations.....	9A	\$14,678,140 ²	\$15,823,204 ³	\$17,094,644

¹ State Appropriations Limit, Article XIII B.

² In 1988–89, the actual appropriations are slightly less than the currently estimated minimum guarantee. Final SAL and local revenues for 1988–89 and the actual guarantee will be recomputed in March 1990 and appropriations made accordingly before June 30, 1990 pursuant to Chapters 82 and 83, Statutes of 1989.

³ In 1989–90, the estimated share of SAL revenues exceeds the minimum percentage share pursuant to the provisions of Proposition 98 which guarantee the greater of the percentage share or prior year adjusted for changes in ADA and cost-of-living.

Schedule 10

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1988, 1989, 1990 and 1991
(In Thousands)

Fund	Reserves June 30, 1988	Actual Income 1988-89	Actual Expenditures 1988-89	Reserves June 30, 1989	Estimated Income 1989-90	Estimated Expenditures 1989-90	Reserves June 30, 1990	Estimated Income 1990-91	Estimated Expenditures 1990-91	Reserves June 30, 1991
GENERAL FUND	53,558	36,952,899	35,897,301	1,109,156	39,775,355	40,069,923	814,588	43,102,192	42,612,736	1,304,044
SPECIAL FUNDS										
General Fund Special Accounts:										
Property Acquisition Law Money Account	3,089	1,110	1,721	2,478	1,114	2,242	1,350	1,168	2,409	109
Motor Vehicle Parking Facility Money Account	684	3,008	2,426	1,266	3,520	4,068	718	4,266	4,329	455
Access for Handicapped Account	1,368	1,435	702	2,101	885	922	2,064	515	958	1,621
Attorney General Antitrust Account	837	7	427	417	33	450	-	472	472	-
Hazardous Waste Control Account	3,310	52,372	44,004	11,678	58,124	53,913	15,889	45,033	57,446	3,476
Subsequent Injuries Money Account	337	2,246	2,000	623	2,000	2,000	623	2,000	2,000	623
Fingerprint Fees Account	5,717	10,836	12,820	3,733	12,418	15,353	798	18,551	17,621	1,728
Enterprise Loan Fund, State	-	186	186	-	-	-	-	-	-	-
Emergency Telephone Number Act, State	2,134	41,855	44,928	-939	50,388	58,444	-8,995	55,586	58,554	-11,963
Farm Labor Contractors Special Account	243	27	2	268	27	50	245	27	50	222
Motor Vehicle Insurance Account, State	5,006	10,474	9,710	5,770	10,710	13,454	3,026	12,635	11,631	4,030
Tax Relief and Refund Account	-	955	38	-38	-	52	-90	-	2,897	-90
Nuclear Planning Assessment Special Ac	214	1,178	1,178	-9	2,767	2,758	-	2,897	-	-
County School Service Fd Contingency Ac	100	-	55	45	-	-	45	-	-	45
Agricultural & Forestry Residue Util Ac	1,418	-1,350	-	68	-78	-10	-	-10	-	-
Energy Conservation Assistance Ac, State	9,289	971	-1,674	11,914	-1,442	4,674	5,798	-3,053	2,157	588
Geothermal Resources Development Account	544	4,530	4,477	597	4,140	4,120	617	4,120	4,120	637
Surface Mining and Reclamation Account	669	2,000	1,815	854	2,000	2,521	333	2,000	2,066	267
Special Account for Capital Outlay	46,410	85,668	89,444	42,634	76,755	81,566	37,823	62,885	99,004	1,704
Auditor General Fund	847	-	847	-	-	-	847	-	-	847
Energy Efficiency Improvements Loan Fund	2,750	-	2,750	-	-	-	-	-	-	-
Clean Fuels Account	3,103	2,114	2,114	989	-	914	75	-	50	25
Hazardous Waste Mgmt Planning Subaccount	3,601	123	2,743	981	60	1,015	26	-	26	-
Local Jurisdiction Energy Assistance	24,153	2	5,217	18,938	-	15,965	2,973	-	2,886	87
Local Agency Technical Assistance Ac't	-	80	80	-	-	-	-	-	-	-
Methane Gas Hazard Reduction Account	500	-	256	244	1,392	1,392	14	2,264	2,264	-
Air Toxics Inventory and Assessment Acct	-	1,096	1,096	-	1,392	1,251	-	20,000	18,503	-
Solid Waste Disp Site Cleanup & Marine Ac	1,815	-	733	1,082	296	278	127	225	272	3
Underground Storage Tank Tester Account	3	165	132	36	278	264	50	100	100	213
Assistance for Fire Equipment Acct, State	194	32	53	173	118	100	191	2,000	2,000	-
Supercomputer Center Account	-	-	-	-	2,000	2,000	-	11,350	11,467	3,427
Underground Storage Tank Cleanup Fund	-	-	-	-	4,100	556	3,544	225	1,645	15
Petro Underground Storage Tank Finance Acct	-	-	-	-	3,000	1,565	1,435	84	-	-
Seismic Gas Valve Cert Fee Acct	-	-	-	-	85	85	-	15,100	11,455	7,607
Manufactured Home License Fee Account	-	11,843	11,843	-	15,800	11,838	3,962	3,580	3,468	971
Elevator Safety Account	11	3,580	2,911	680	3,580	3,401	859	3,213	3,239	2
Pressure Vessel Account	48	2,390	2,378	60	3,146	3,178	28	45,302	45,302	7,659
Hazardous Substance Subaccount	2,048	14,791	15,249	1,590	59,978	53,732	7,856	1,225	1,107	2,439
Mortgage Bd & Tax Credit Alloc Fee Acct	409	2,096	351	2,154	817	650	2,321	1,932	1,932	251
Site Operation and Maintenance Account	2,487	193	139	2,541	125	608	2,058	125	2,414	3,863
Dealers' Record of Sale Acct	77	1,189	901	365	3,377	1,004	2,738	3,539	2,414	3,500
Public Util Comm Transport Reimb Acct	3,491	4,930	4,148	4,273	4,448	4,470	4,251	4,728	4,408	3,573
Publ Utilities Comm Utilities Reimb Acct	13,691	40,574	39,517	14,748	38,879	45,737	7,890	40,091	514	-
R. Z'berg Urban Open Space Rec Prog Acct	914	-	-	914	-	400	-	-	-	-
First Offender Program Evaluation Fund	603	-603	-	-	45,287	41,360	8,266	42,535	42,535	8,267
Energy Resources Programs Account	4,479	37,257	37,397	4,339	20	20	64	20	20	64
State Fair Police Special Account, Calif	42	28	6	64	505	505	16	511	511	16
Narc Asstt & Relinquish Crim Offend Fd	16	480	480	16	710	710	205	63	63	152
Vietnam Veterans Memorial Account	5,702	722	918	514	1,183	1,137	2,219	1,183	1,163	2,239
Underground Storage Tank Fund	2,522	597	946	2,173	-	-	-	-	-	-
Underground Container Inventory Account	127	-127	-	-	-	-	-	-	-	-

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1988, 1989, 1990 and 1991—Continued

(In Thousands)

Fund	Reserves June 30, 1988	Actual Income 1988-89	Actual Expenditures 1988-89	Reserves June 30, 1989	Estimated Income 1989-90	Estimated Expenditures 1989-90	Reserves June 30, 1990	Estimated Income 1990-91	Estimated Expenditures 1990-91	Reserves June 30, 1991
Gaming Registration Fee Account	308	247	281	274	292	296	270	293	292	271
Mosquito-borne Disease Surveillance Acct.	45	6	7	44	250	242	52	242	26	66
Energy Tech. Research, Dev. & Demo Acct.	1,044	2,024	2,536	532	4,100	4,575	57	1,600	1,656	1
Garment Manufacturers Special Account	-	125	-	125	50	50	125	50	50	125
Surface Impoundment Assessment Account	-380	1,788	1,398	10	2,894	2,894	10	3,033	3,033	10
Armory Discretionary Improvement Account	139	106	61	184	120	120	184	120	120	184
Emergency Clean Water Grant Fund	2,909	-	635	2,274	989	2,274	-	-	-	-
Financial Responsibility Penalty Account	4,923	-613	-	4,310	989	-	5,299	-125	-	5,174
Peace Officers' Memorial Account	-	72	63	9	12	21	60	354	-	66
Boxer's Neurological Examination Account	63	190	227	26	354	320	207	112	348	319
Developmental Disabilities Services Acct.	-	131	-	131	76	-	2,030	1,766	3,643	153
Local Govt Geothermal Resource Subacct.	3,289	1,919	2,936	2,272	1,766	2,008	-	-	-	-
State Transportation Fund:										
Aeronautics Account STF	691	5,749	5,221	1,219	6,230	5,074	2,375	6,190	5,106	3,459
Highway Account, State, STF	294,333	1,136,217	1,322,383	108,167	1,313,896	1,389,646	32,417	1,233,019	1,244,974	20,462
Motor Vehicle Account, STF	116,422	827,650	803,544	140,528	749,148	888,272	1,404	949,512	930,394	20,522
Bicycle Lane Account, STF	302	535	598	239	542	645	136	539	670	5
Transport Planning & Develop Acct, STF	7,601	43,237	46,128	4,710	106,971	109,959	1,722	61,030	62,631	121
Abandoned Railroad Account, STF	460	90	21	529	-414	-	115	7	-	122
Local Airport Loan Account	1,421	906	1,600	727	1,077	1,000	804	1,077	1,000	881
New Motor Vehicle Board Account	748	837	1,043	542	885	1,078	359	850	1,165	44
Seismic Safety Retrofit Account-STF	-	-	-	-	8,000	8,000	-	47,000	47,000	-
Transportation Tax Funds:										
Motor Vehicle Fuel Account, TTF	35,049	19,264	21,844	32,469	22,870	21,444	33,895	21,382	21,876	33,401
Highway Users Tax Account, TTF	-	620,603	620,603	-	625,624	625,624	-	637,268	637,268	-
Motor Vehicle License Fee Account, TTF	9,032	2,018,927	2,019,742	8,217	2,190,000	2,187,592	10,625	2,345,900	2,344,329	12,196
Feeder Funds:										
Cigarette Tax Fund	12,281	68,686	70,248	10,699	66,000	66,561	10,138	64,000	64,339	9,799
Other Governmental Cost Funds:										
Acupuncture Fund	499	615	525	589	631	561	659	679	833	505
Agriculture Acct. Ag Fund	37,303	63,493	57,063	43,733	63,689	65,539	41,883	66,800	69,112	39,571
Agricultural Pest Control Research Acct.	965	94	193	806	79	344	541	78	370	249
Missing Children Reward Fund	24	-	-	24	-	2	22	-	2	20
Auctioneer Commission Fund	376	179	204	351	341	274	418	154	239	333
Air Pollution Control Fund	1,671	827	2,492	6	8,548	8,497	57	8,713	8,759	11
Alcoholic Beverage Control Appeals Fund	321	390	439	272	545	497	320	549	529	340
Animal Health Technician Exam Comm Fund	144	94	83	155	81	110	126	80	116	90
School Building Program Account-APB Fund	1,314	6,989	7,040	1,263	10,353	8,118	3,498	10,846	8,428	5,916
Hospital Building Account-APB Fund	8,681	16,056	16,286	8,451	16,345	17,324	7,472	16,747	19,701	4,518
Hosp Plan Chk Acct, APB Fund	2,108	2,457	3,022	1,543	3,340	2,324	2,559	3,492	2,352	3,699
Rural Economic Development Fund	24,982	1,898	10,797	16,083	6,947	7,573	15,457	9,400	10,255	14,602
Agricultural Export Promotion Acct, Ca	15	17	13	19	17	15	21	17	15	23
Automotive Repair Fund (Abol 1/89)	7,381	-3,828	3,553	-	-	-	-	-	-	-
Water Device Certification Special Acct	64	35	36	63	118	160	21	164	118	67
Avol Abatement Program Fund	3	-	-	3	-	-	3	-	-	3
Foster and Small Family Insurance Fund	764	-	165	599	-	556	43	-	-	43
Beverage Container Recycling Fund, Ca	4,248	76,993	76,241	5,000	138,650	138,660	4,990	195,650	195,650	4,990
Redemption Acct, Beverage Contn Recycl Fd	-	57,197	57,197	-	54,239	54,239	-	65,239	65,239	-
Aids Vaccine Research Develop Grant Fd	2,090	-	71	2,019	-	1,798	221	-	207	14
Banking Fund, State	6,789	10,706	11,726	5,769	15,037	13,870	6,936	15,060	14,176	7,820
Vital Record Improvement Project Fund	7,690	5,052	1,060	11,682	4,050	4,939	10,793	2,650	5,498	7,945
Drinking Driver Program Licensing Trust	212	464	469	207	676	685	198	1,077	1,112	163
Environmental License Plate Fund, Calif	13,800	25,924	25,513	11,211	23,226	29,930	4,507	25,476	29,016	967

Schedule 10

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1988, 1989, 1990 and 1991—Continued

(In Thousands)

Fund	Reserves June 30, 1988	Actual Income 1988-89	Actual Expenditures 1988-89	Reserves June 30, 1989	Estimated Income 1989-90	Estimated Expenditures 1989-90	Reserves June 30, 1990	Estimated Income 1990-91	Estimated Expenditures 1990-91	Reserves June 30, 1991
Soil Conservation Fund	-	1,110	1,055	55	1,110	1,121	44	1,110	1,148	6
Health Data & Planning Fund, Ca	943	6,474	5,952	1,465	7,676	6,640	2,501	8,243	7,338	3,406
Water Fund, California	2,625	8,071	3,947	6,749	80,093	76,784	10,058	1,836	3,030	8,864
Commerce Marketing Fund	5	5	-	10	5	-	15	5	-	20
Capital Outlay Fd for Public Higher Educ	-5,452	6,250	-5,421	6,219	-5,673	546	-	-	-	-
Unitary Fund, California	-	14	1,208	14	14,500	25	14,489	670	13,195	1,964
Chiropractic Examiners Fund	546	1,015	1,283	353	1,106	1,283	176	1,157	1,132	201
Collection Agency Fund	1,297	1,040	760	1,577	1,077	936	1,718	1,082	1,071	1,729
Trial Court Improvement Fund	-	-	-1	1	-	-	1	-	-	1
Assembly and Senate, Contingent Funds Of	21	-	-	21	-	-	21	-	-	21
Life Care Provider Fee Fund	-	-	-	-	230	192	38	230	157	111
Outer Cont Shelf Land Act Sec 8g Rev Fnd	-	-	-	-	9,333	3,597	5,736	2,370	7,770	336
Community College Credentials Fund	530	861	673	718	332	1,050	-	-	-	-
Delinquent Tax Collection Fund	-	515	514	1	5,314	5,314	1	5,300	5,300	1
Structural Pest Control Research Fund	31	77	-	108	77	-	185	77	-	262
Debt Limit Allocation Committee Fund, Cal	112	464	217	359	352	321	390	352	374	368
Corrections Training Fund	989	15,412	12,301	4,100	13,357	14,648	2,809	14,290	16,191	908
Debt Advisory Commission Fund Calif	2,678	785	1,028	2,435	745	1,142	2,038	715	1,284	1,469
Developmental Disabilities Prog Dev Fund	3,446	3,273	4,642	2,077	2,700	4,123	654	3,000	3,555	99
Competitive Technology Fund	-	-	-	-	230	-	230	9,675	9,330	575
Dispensing Opticians Fund	278	52	134	196	209	176	229	71	194	106
Delta Flood Protection Fund	-	6,000	5,941	59	13,000	12,000	1,059	13,000	12,007	2,052
Food Safety Fund	-	379	220	159	2,664	2,812	11	3,144	3,144	11
Driver Training Penalty Assessment Fund	-654	1,242	805	-217	1,114	897	-	903	903	-
Environmental Laboratory Improvement Fnd	-	506	-	506	1,086	1,576	16	1,820	1,820	16
Personnel Services Fund	269	279	391	157	20	166	11	-	-	11
Registered Nurse Education Fund	-	-	-	-	620	602	18	620	614	24
Electromagnetic Field Study Fd, Hlth Svcs	-	281	65	216	1,719	1,935	-	-	-	-
Employment Development Dept Benefit Audit	3,263	5,438	6,742	1,959	8,550	8,568	1,941	8,550	7,743	2,748
Employment Development Contingent Fund	-782	26,044	24,262	1,000	33,087	33,087	1,000	39,881	39,881	1,006
Energy and Resource Fund	2,085	-366	1,172	557	-	-	557	-321	-	236
Fair and Exposition Fund	2,083	27,816	22,692	7,207	23,557	27,823	2,941	23,827	26,768	-
Satellite Wagering Account	3,096	13,673	9,231	7,538	13,461	16,175	4,824	14,622	18,828	618
Waste Discharge Permit Fund	-	-	-	-	-	-	-	-	-	-
Asset Forfeiture Distribution Fund	-	409	64	345	2,500	1,000	-	1,952	1,952	-
Fire and Arson Training Fund, Calif	-89	1,471	1,377	5	1,533	1,409	1,845	2,500	1,000	3,345
Fireworks Licensing Fund, California	47	341	223	165	397	294	129	1,706	1,437	398
Fish and Game Preservation Fund	19,683	60,596	69,193	11,086	68,330	72,407	268	397	283	382
Fisheries Restoration Account	-21	1,250	1,229	-	-	-	7,009	70,818	72,507	5,320
Genetic Disease Testing Fund	6,380	23,047	22,343	7,084	27,283	26,713	7,654	29,251	26,571	10,234
Ceology and Geophysics Fund	286	518	257	547	76	270	353	488	382	459
Fish & Wildlife Pollut Chup & Abate Acc	588	23	-	611	1,000	-	1,611	1,000	458	2,153
Hearing Aid Dispensers Fund	381	229	298	312	201	305	208	214	358	64
Hazardous Liquid Pipeline Safety Calif	305	1,213	869	649	1,230	1,332	547	1,274	1,620	201
Waterfowl Habitat Preservation Acct, Cal	100	-	100	100	1,009	1,109	1,109	1,180	90	2,199
Restitution Fund	21,303	59,034	50,251	30,086	64,763	69,071	25,778	68,418	79,312	14,884
Industrial Development Fund	3,139	599	321	3,417	650	385	3,682	650	421	3,911
Industrial Rel Construction Enforce Fd	82	556	621	147	621	621	141	643	643	119
Insurance Fund	9,315	41,341	36,021	14,635	61,198	60,472	15,361	67,338	63,272	19,427
Industrial Loan Special Fund	31,397	2,744	-	34,141	-34,141	-	-	-	-	-
Workers' Comp Administration Revolv Fund	-	-	-	-	1,190	865	-	17,025	17,025	-
Food Safety Account, Agriculture Fund	-	-	-	-	-	-	325	1,754	1,683	396
Environmental Protection Trust Fund	-	-	-	-	-	-	-	2,161	2,126	35
Tire Recycling Management Fund, Calif	-	-	-	-	-	-	-	4,050	3,288	762
Low-Level Radioactive Waste Disposal Fnd	-	-	-	-	-	-	1,000	250	1,131	119

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1988, 1989, 1990 and 1991—Continued

(In Thousands)

Fund	Actual Income 1988-89	Actual Expenditures 1988-89	Reserves June 30, 1988	Actual Income 1989-90	Actual Expenditures 1989-90	Reserves June 30, 1989	Estimated Income 1989-90	Estimated Expenditures 1989-90	Reserves June 30, 1990	Estimated Income 1990-91	Estimated Expenditures 1990-91	Reserves June 30, 1991
Cigarette & Tobacco Products Surtax Fund	-	-	-	-	-	-	568	568	-	463	463	-
Health Ed. Act, Cig & Tob Pr Surtax	65,834	-	-	65,834	121,786	65,834	121,786	151,000	36,620	118,807	118,777	36,650
Hospital Svc Act, Cig & Tob Pr Surtax	115,209	-	-	115,209	208,501	115,209	208,501	298,477	25,233	196,788	210,920	11,101
Physician Svc Act, Cig & Tob Pr Surtax	32,917	-	-	32,917	59,543	32,917	59,543	85,215	7,245	56,154	39,997	3,402
Research Act, Cig & Tob Pr Surtax	16,458	-	-	16,458	30,872	16,458	30,872	42,581	4,749	33,607	33,607	1,769
Public Res Act, Cig & Tob Pr Surtax	16,458	-	-	16,458	29,072	16,458	29,072	37,481	8,049	27,227	33,292	1,984
Unallocated Act, Cig & Tob Pr Surtax	82,292	-	-	82,292	150,508	82,292	150,508	193,338	39,462	144,834	175,081	9,215
Local Agency Deposit Fund	261	251	-	261	179	104	179	254	29	240	257	12
Loc Pub Prosecutors & Pub Defenders Trng	911	849	-	911	914	332	914	982	264	917	985	196
Metladone Program Licensing Trust Fund	392	337	-	392	519	79	519	537	61	570	553	78
Mobilehome Park Revolving Fund	2,333	2,096	-	2,333	2,724	202	2,724	2,781	145	3,064	2,989	220
Individual & Family Suppl Grant Fund, Ca	250	250	-	250	-	-	-	-	-	-	-	-
Emergency Svc Disast Adm Supprt Ac Ofc Of	2,901	216	-	2,901	338	2,685	338	-3,073	6,096	424	717	5,803
Publ Fac & Loc Agency Disastr Respons Acc	17,300	2,149	-	17,300	4,287	13,151	4,287	-76,871	96,309	6,807	17,696	85,420
Public Facilities Account-NDA Fund	-6,126	1,023	-	-6,126	407	7,244	407	4,314	3,337	232	874	2,685
Street and Highway Account-NDA Fund	711	1,915	-	711	-	-	-	-	-	-	-	-
Natural Disaster Acc,Nat Disaster Ast Fd	-222	422	-	-222	-	-	-	-	-	-	-	-
Flood Disaster Acc 86,NDA Fd (Abol 1/89)	-3,218	6	-	-3,218	-	79	-	79	-	-	-	-
Earthquake Emergency Invest Acct-NDA Fd	-	-	-	-	-	-	-	-	-	-	-	-
So Cal Earthqke Ac87,NDA Fd (Abol 1/89)	-16,382	3,128	-	-16,382	-	-	-	-	-	-	-	-
Nursing Home Admin St Lic Exam Bd Fund	531	272	-	531	121	397	121	394	124	609	414	319
Off Highway License Fee Fund	769	739	-	769	841	472	841	841	472	841	841	472
Off Highway Vehicle Fund	12,456	24,646	-	12,456	26,459	12,831	26,459	23,175	16,115	17,513	28,182	5,446
Osteopathic Examiners Contingent Fund	608	467	-	608	400	609	400	454	555	425	399	581
Conservation & Enforcement Svs Ac-OHV Fd	3,875	-	-	3,875	-9,146	9,146	-9,146	-	-	-	-	-
Exposition Park Improvement Fund	119	-	-	119	1,035	119	1,035	1,035	119	1,035	135	1,019
Peace Officers Training Fund	39,608	39,187	-	39,608	41,852	5,002	41,852	41,516	5,338	44,751	44,709	5,380
Physicians Assistant Fund	607	323	-	607	583	602	583	418	767	339	491	615
Pilot Commissioners Fund	47	496	-	47	532	120	532	591	61	668	691	38
Podiatry Fund	488	545	-	488	823	593	823	764	652	951	784	819
Polygraph Examiners Fund	68	63	-	68	3	3	3	41	1	-	-	1
Professional Forester Registration Fund	110	114	-	110	152	107	152	152	65	110	155	20
Private Postsecond & Vocation Ed Adm Fnd	1,422	1,052	-	1,422	2,113	541	2,113	1,710	944	2,882	2,867	959
Psychology Fund	923	1,078	-	923	1,005	712	1,005	1,353	364	1,023	1,429	-42
Traumatic Brain Injury Fund	124	-	-	124	500	124	500	500	124	500	500	124
Emergency Medical Services Personnel Fund	-	-	-	-	42	-	42	-	42	170	172	40
Major Medical Insurance Fund	-	-	-	-	250	-	250	75	175	-	175	-
Resident Care Facility Elder Adm Cert Fd	-	-	-	-	32	-	32	32	-	23	23	-
Real Estate Fund	27,180	22,800	-	27,180	31,282	22,895	31,282	25,130	29,047	29,243	25,900	32,390
Respiratory Care Fund	438	609	-	438	370	1,062	370	746	686	342	818	210
Electronic and Appliance Repair Fund	1,318	1,094	-	1,318	1,277	747	1,277	1,300	724	1,292	1,292	710
Reg Environmental Health Specialist Fund	221	128	-	221	182	230	182	134	278	141	137	282
Savings Association Spec Regulatory Fund	8,451	8,223	-	8,451	8,344	3,129	8,344	9,699	1,774	7,175	8,779	170
School Fund, State	65,395	65,395	-	65,395	42,494	-	42,494	42,494	-	35,101	35,101	-
School Building Lease-Purchase Fund/St	-30,045	-10,396	-	-30,045	-7,255	17,651	-7,255	10,396	-	-	-	-
School Building Safety Fund	570	570	-	570	534	-	534	534	-	496	496	-
School Land Bank Fund	563	-	-	563	580	3,344	580	-	3,924	2,800	-	6,724
Senate Contingent Fund	9,905	620	-	9,905	-	9,283	-	4,973	4,312	-	-	4,312
Mandates Claims Fund, State	5,741	112	-	5,741	-	2,229	-	733	1,496	-	-	1,496
Disaster Relief Fund	-	-	-	-	15,469	192	15,469	1,100	14,369	201,504	450	215,423
Speech Pathology & Audio Exam Comm Fund	347	217	-	347	468	220	468	257	403	291	291	163
Higher Education Earthquake Account 1987	851	631	-	851	-	-	-	-	-	-	-	-
Bicycle License & Registration Fund, St	49	30	-	49	-45	45	-45	-	36	730	-	-
Dental Auxiliary Fund, State	159	718	-	159	733	118	733	815	-	-	886	-120
Integrated Waste Management Acct	-	-	-	-	5,000	-	5,000	3,005	1,995	27,500	25,919	3,576

Schedule 10

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1988, 1989, 1990 and 1991—Continued
(In Thousands)

Fund	Reserves June 30, 1988	Actual Income 1988-89	Actual Expenditures 1988-89	Reserves June 30, 1989	Estimated Income 1989-90	Estimated Expenditures 1989-90	Reserves June 30, 1990	Estimated Income 1990-91	Estimated Expenditures 1990-91	Reserves June 30, 1991
Parks and Rec Act, St, Parks & Rec Fd	8,376	48,054	49,847	6,783	47,925	48,680	6,028	48,717	54,545	200
Fines & Forfeitures Act, Parks & Rec Fd	1,051	310	276	1,085	350	360	1,075	350	388	1,037
Self-Insurance Plans Fund	454	1,394	1,395	653	1,394	1,579	668	1,924	1,937	635
State Police Fund, California	195	130	41	284	130	108	130	306	110	326
Strong Motion Instrumentation Spec Fund	2,757	3,505	2,828	3,434	3,530	3,137	3,807	3,860	3,270	4,397
Structural Pest Cntrl Educ&enforcemt Fd	380	93	97	376	60	196	240	51	200	91
Tax Preparers Fund	396	943	845	494	1,257	857	894	1,260	950	1,204
Teacher Credentials Fund	2,760	7,010	6,321	3,449	6,280	7,102	2,627	6,860	8,499	988
Test Development and Admin Act, Tc Fd	442	2,625	2,878	189	3,640	3,540	289	3,060	2,956	393
Transcript Reimbursement Fund	267	94	346	15	297	303	9	300	300	9
Transportation Rate Fund	11,381	19,107	17,712	12,776	13,849	19,205	7,420	14,821	20,489	1,752
Universal Telephone Service Fund	498	-	-	-	-	-	-	-	-	-
Vehicle Inspection Fund (Abol 11/89)	6,763	7,474	14,237	-	62,593	64,620	11,357	72,637	80,270	3,744
Vehicle Inspection and Repair Fund	914	40,006	27,536	13,384	15,356	14,645	2,684	16,413	15,209	3,888
Victim Witness Assistance Fund	1,093	14,526	13,646	1,973	1,392	2,252	39	951	956	34
Wildlife Restoration Fund	4,181	1,179	4,461	899	88	88	-	93	-	-
Winter Recreation Fund	49	49	98	-	-	-	-	-	-	-
Professions and Vocations Funds:										
Accountancy Fund	1,576	4,346	4,434	1,488	7,325	6,261	2,752	7,929	6,407	4,274
Architectural Examiners Fd, Cal St Bd Of	1,762	2,669	2,988	1,443	3,376	3,855	964	3,876	4,015	825
Barber Examiners Fund, State Board of	1,120	219	789	550	1,382	905	1,027	1,025	136	134
Cemetery Fund	402	312	302	412	294	326	380	307	340	347
Contractors License Fund	30,384	31,264	24,787	36,861	9,161	32,506	13,516	30,335	34,268	9,583
Cosmetology Contingent Fund, Board of	2,343	2,704	3,338	1,709	3,212	3,959	962	3,507	4,319	150
Dentistry Fund, State	1,135	2,966	2,689	1,412	3,031	3,158	1,285	3,029	3,755	559
Funeral Directors and Embalmers Fund, St	136	567	468	235	563	555	243	563	612	194
Home Furnish & Thermal Insulat Fd, Burea	1,379	2,467	1,912	1,934	1,963	2,464	1,333	2,218	2,350	961
Dry Cleaning Account	187	43	68	162	32	47	147	28	47	128
Landscape Architects Fund, Cal St Bd of	225	207	425	7	903	458	452	749	509	692
Medical Quality Assurance, Contingent Fd	6,988	13,901	14,413	6,386	19,279	18,511	7,154	19,446	19,104	7,496
Physical Therapy Fund	501	378	359	520	409	448	481	495	532	444
Registered Nursing Fund, Board of	4,069	7,607	6,324	5,352	7,602	8,670	4,284	7,812	9,145	2,951
Optometry Fund, State	718	536	372	882	534	486	930	542	526	946
Pharmacy Board Contingent Fund	2,488	3,598	2,652	3,434	3,718	3,139	4,013	3,810	3,307	4,516
Private Investigator and Adjuster Fund	4,388	3,944	3,110	5,222	4,011	4,183	5,050	4,459	4,327	4,982
Professional Engineer & Land Surveyor Fd	2,291	3,889	3,810	2,370	4,388	4,669	2,089	3,846	4,653	1,282
Shorthand Reporters Fund	492	562	782	232	232	439	575	208	367	416
Behavioral Science Examiners Fund	262	1,967	1,885	344	2,630	2,401	573	2,659	2,667	565
Structural Pest Control Fund	6,364	1,059	2,001	5,422	234	2,257	3,399	480	2,346	1,533
Veterinary Examiners Contingent Fund, Bd	852	781	628	1,005	735	808	932	717	730	919
Vocational Nurses Account	3,031	1,967	2,686	2,312	1,980	3,131	1,161	2,143	3,436	-132
Psychiatric Technicians Account	504	672	712	464	681	730	415	735	558	292
Unspecified Special Funds:										
Augmentation for Employee Compensation	-	-	-	-	-	4,405	-4,405	-	59,656	-64,061
Payment of Specified Attorney Fees	-	-	-	-	-	150	-150	-	150	-300
Reserve for Contingencies Or Emergency	-	-	-	-	-	1,500	-1,500	-	1,500	-3,000
Section 3.60 Adjustments	-	-	-	-	-	-672	672	-	-16,500	17,172
Unaudited:										
Bank and Corporation Tax Fund	-	-	-	-	-	92	-92	-	-	-92
Personal Income Tax Fund	-	-	2	-2	-	2	-4	-	-	-4
Retail Sales Tax Fund	-	-	76	-76	-	40	-116	-	-	-116
TOTALS, SPECIAL FUNDS	1,146,315	6,368,770	6,222,897	1,232,188	7,304,453	7,761,602	835,039	7,869,815	7,911,649	793,205
GRAND TOTALS	1,199,873	43,321,669	42,120,198	2,401,344	47,079,808	47,831,525	1,649,627	50,972,007	50,524,385	2,097,249

Schedule 11

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY ¹

Fund No.	Title	June 30, 1988				June 30, 1989			
		Cash *	Securities *	Due from Surplus Money Investment Fund *	Totals *	Cash *	Securities *	Due from Surplus Money Investment Fund *	Totals *
Public Service Enterprise Funds									
500	S.F. Bay Bridges—North	\$11	\$3,172	\$18,716	\$21,899	\$11	\$3,174	\$98,907	\$102,092
501	California Housing Finance Fund	51	473,688	296,579	770,318	47	636,076	263,297	899,420
502	California Water Resources Development Bond Fund	106	—	155,139	155,245	106	—	197,006	197,112
503	California National Guard Members Farm and Home Fund of 1978 ..	14	2,268	3,743	6,025	15	2,269	3,060	5,344
505	Affordable Student Housing Resolving Fund	1	—	113	114	1	—	125	126
506	Central Valley Water Project Construction Fund	235	394,234	124,416	518,885	232	534,254	124,288	658,774
507	Central Valley Water Project Revenue Fund	919	8,343	192,915	202,177	1,074	27,786	214,326	243,186
510	California Exposition and State Fair Enterprise Fund	1	—	7,141	7,142	2	—	6,859	6,861
512	Compensation Insurance Fund	10	2,807,192	65,235	2,872,437	11	3,373,836	93,377	3,467,224
513	First-time Home Buyer Fund	5,854	2,482	—	8,336	1,244	1,010	—	2,254
514	Employment Training Fund	2	—	185,680	185,682	2	—	207,774	207,776
515	Harbor Bond Sinking Fund	730	—	—	730	581	—	—	581
516	Harbors and Watercraft Revolving Fund	502	—	49,336	49,838	502	—	54,298	54,800
518	Health Facility Construction Loan Insurance Fund	2	—	55,301	55,303	1	—	64,871	64,872
519	California Maritime Academy Continuing Education	40	—	—	40	10	—	—	10
520	New Antioch Bridge Construction Fund	1	—	44,406	44,407	—	—	—	—
524	Los Angeles State Building Authority Revenue Fund	—	168,314	—	168,314	—	—	—	—
525	High Tech Education Revenue Bond Fund	40	—	98,786	98,826	44	—	65,443	112,852
527	Richmond-San Rafael Toll Revenue Fund	1	—	2,414	2,415	—	—	—	65,487
529	San Diego-Coronado Bridge Construction Fund	—	—	—	—	—	—	—	—
530	Mobilehome Park Purchase Fund	2	—	5,896	5,898	2	—	6,441	6,443
535	California Main Street Program Fund	216	—	—	216	231	—	—	231
536	San Diego-Coronado Toll Revenue Fund	1	—	12,974	12,975	1	—	16,976	16,977
542	San Francisco-Oakland Bay Bridge Toll Revenue Fund	26	—	148	174	26	—	160	186
543	San Francisco Seawall Sinking Fund No. 3	—	—	—	—	107	—	—	107
553	Small Craft Harbor Bond Fund	2	—	31	33	2	—	31	33
559	Small Craft Harbor Improvement Fund	10	—	1,111	1,121	11	—	1,398	1,409
560	State Lottery Fund	1	—	256,421	256,422	2	—	219,104	219,106
562	State Coastal Conservancy Fund	2,840	—	—	2,840	15,736	—	—	15,736
565	Tahoe Conservancy Fund	55	—	—	55	174	—	—	174
568	Uninsured Employers Account	—	—	—	—	2,052	—	—	2,052
571	Asbestos Workers Account	1,817	—	—	1,817	—	—	—	—
572	State University and Colleges Continuing Education Revenue Fund ..	101	—	31,125	31,226	101	—	32,574	32,675
573	State University and Colleges Dormitory Building Maintenance and ..	—	—	—	—	—	—	—	—
575	Equipment Reserve Fund	33	—	27,107	27,140	30	—	35,693	35,723
576	State University and Colleges Dormitory Construction Fund	388	—	66,430	66,818	1,713	—	77,065	78,778
578	State University and Colleges Dormitory Interest and Redemption ..	—	—	—	—	—	—	—	—
580	State University and Colleges Dormitory Revenue Fund	40	—	32,180	32,220	40	—	31,622	31,662
581	State University and Colleges Facilities Revenue Fund	687	—	72,463	73,150	688	—	71,179	71,867
583	State University and Colleges Parking Revenue Fund	1	—	455	456	2	—	492	494
586	San Francisco Bay Bridges, South	1	—	4,122	4,123	1	—	4,548	4,549
588	Unemployment Compensation Disability Fund	10	59,511	116,340	175,857	5	57,044	142,494	199,543
590	Veterans Dependence Revenue Fund	5	—	682,903	682,913	10	—	887,309	887,319
591	Indemnity—Veterans Fund	1	64,121	66,564	130,690	6	174,378	10,214	184,598
592	Veterans Farm and Home Building Fund of 1943	116	589,099	3,450	3,451	2	—	3,144	3,146
596	Vincent Thomas Bridge Toll Revenue Fund	1	—	714,261	1,303,476	114	857,019	590,072	1,447,205
Working Capital and Revolving Funds									
601	Agriculture Building Fund	\$1	—	\$573	\$574	\$2	—	\$616	\$618
602	Architecture Revolving Fund	150,384	—	—	150,384	203,242	—	—	203,242
603	California Fairs Insurance Fund	2	—	41	43	1	—	8	9
604	Armory Fund	2	—	643	645	2	—	920	922

¹ Only includes funds with balances.

* Dollars in thousands

Schedule 11

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY—Continued

	June 30, 1988		June 30, 1989	
	Cash *	Securities *	Due from Surplus Money Investment Fund *	Totals *
605 Ballot Paper Revolving Fund	341	—	—	341
611 Community College District Organization Revolving Fund	200	—	—	200
630 General Obligation Bond Expense Revolving Fund	75	—	—	75
632 Health and Welfare Agency Data Center Revolving Fund	2	—	—	2
635 Rural Predevelopment Loan Fund	1	—	8,524	8,526
648 Mobilehome Manufactured Home Revolving Fund	1	—	1,074	1,075
652 Old Age and Survivors Insurance Revolving Fund	13,468	—	958	959
660 Public Building Construction Fund	33	\$284,816	314,977	13,468
661 Public School District Organization Revolving Fund	254	—	599,826	599,826
662 Revolving Loan Fund	5	—	254	254
665 Rehabilitation Revolving Loan Guarantee Fund	2	—	—	2
666 Service Revolving Fund	18,068	—	325	327
669 Supported Employment Revenue Loan Guarantee Account	1	—	226	18,068
670 State Clean Water Grants Administration Revolving Fund	254	—	227	227
673 Passenger Equipment Acquisition Fund	2	—	254	254
675 State Payroll Revolving Fund	597,616	—	1,813	1,815
678 Prison Industries Revolving Fund	2	—	5,227	5,229
679 State Water Quality Control Fund	1	—	10,292	10,293
681 Surplus Money Investment Fund	6,991,510	—	—	6,991,510
682 Inmate Construction Revolving Account	17,785	—	—	17,785
683 Stephen P. Teale CDC Revolving Fund	2	—	5,388	5,390
684 New Industries Revolving Account	1	—	2,789	2,790
687 Donated Food Revolving Fund	1	—	4,909	4,910
688 Surplus Personal Property Revolving Fund	8	—	10,212	10,263
691 Water Resources Revolving Fund	51	—	—	51
692 Water Resources Control Board Revolving Fund	107	—	—	107
702 Consumer Affairs Fund	609	—	84,287	84,896
704 Accountancy Fund	25	—	1,954	1,979
706 Architectural Examiners	26	—	1,966	1,992
713 Barber Examiners' Fund	26	—	1,026	1,052
714 Home Building and Rehabilitation Fund	—	—	—	—
717 Cemetery Fund	11	—	377	388
735 Contractors License Fund	51	—	30,958	30,958
738 Cosmetology Contingent Fund	26	—	2,187	2,213
741 Dentistry Fund	25	—	1,394	1,419
750 Funeral Directors' and Embalming Fund	10	—	1,118	1,28
752 Bureau of Home Furnishings and Thermal Insulation Fund	25	—	1,214	1,239
753 Dry Cleaning Account	2	—	310	312
757 Landscape Architects Fund	26	—	265	265
758 Medical Quality Assurance	25	—	5,946	5,971
759 Physical Therapy Fund	25	—	457	482
761 Registered Nursing Fund	26	—	4,459	4,485
763 Optometry Fund	25	—	708	733
767 Pharmacy Board Contingent Fund	25	—	2,229	2,254
769 Private Investigator Fund	25	—	4,488	4,513
770 Professional Engineers and Land Surveyors	26	—	2,419	2,445
771 Shorthand Reporters Fund	25	—	448	473
773 Behavioral Science Examiners	11	—	344	355
775 Structural Pest Control	11	—	6,086	6,097
777 Veterinary Examiners	11	—	774	785
779 Vocational Nurse Account	10	—	2,788	2,798
780 Psychiatric Tech Account	10	—	623	633
814 California State Lottery Fund	1	—	204	205
822 Public Employees Health Care	—	—	—	—
BOND FUNDS				
707 California Safe Drinking Water Fund	16,666	—	—	16,666
710 Hazardous Substance Cleanup Fund	2	—	21,166	21,168
711 1986 County Correctional Facilities Capital Expenditure Fund	42,966	—	—	42,966
716 Community Parklands Fund	20,663	—	—	20,663
718 Health Science Facilities Construction Program Fund	2	—	1,834	1,836
	Cash *	Securities *	Due from Surplus Money Investment Fund *	Totals *
	342	—	—	342
	200	—	—	200
	74	—	—	74
	2	—	15,805	15,807
	2	—	2,088	2,090
	1	—	522	523
	13,208	—	—	13,208
	35	\$200,505	259,812	460,352
	138	—	—	138
	7	—	—	7
	—	—	352	353
	13,383	—	—	13,383
	2	—	239	241
	254	—	—	254
	—	—	1,956	1,957
	642,987	—	—	642,987
	353	—	3,811	4,164
	2	—	12,471	12,473
	7,963,885	—	—	7,963,885
	12,389	—	—	12,389
	4,314	—	4,314	4,315
	2,536	—	2,536	2,537
	6,443	—	6,443	6,444
	—	—	—	—
	—	—	3,523	3,574
	51	—	—	108
	108	—	—	8,389
	100	—	8,289	2,252
	26	—	2,252	1,612
	26	—	1,586	544
	26	—	518	16,000
	16,000	—	—	391
	11	—	37,260	37,310
	50	—	1,739	1,764
	25	—	1,712	1,737
	25	—	1,712	1,737
	10	—	239	249
	26	—	1,831	1,857
	1	—	147	148
	25	—	77	102
	26	—	6,368	6,394
	25	—	482	507
	26	—	5,787	5,813
	26	—	844	870
	26	—	3,342	3,368
	26	—	5,081	5,107
	26	—	2,928	2,954
	25	—	743	768
	25	—	538	549
	11	—	5,304	5,315
	11	—	897	908
	11	—	2,432	2,442
	10	—	673	684
	11	—	—	—
	2	—	67,220	67,222
	—	—	—	—
	22,189	—	2,908	25,097
	4	—	28,115	28,119
	3	—	47,293	47,296
	2	—	8,423	8,425
	2	—	1,977	1,979

Schedule 11

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY—Continued

	June 30, 1988				June 30, 1989			
	Cash *	Securities *	Due from Surplus Money Investment Fund *	Totals *	Cash *	Securities *	Due from Surplus Money Investment Fund *	Totals *
719 California School Finance Authority Fund.....	2	—	47	49	1	—	225	226
720 Lake Tahoe Acquisition Fund	6,159	—	—	6,159	2	—	10,871	10,873
721 Parklands Fund of 1980	15,109	—	—	15,109	16,626	—	—	16,626
722 Parkland Fund of 1984	28,678	—	—	28,678	34,737	—	—	34,737
723 New Prison Construction Fund	28,125	—	—	28,125	6,855	—	—	6,855
724 1984 Prison Construction Fund	31,324	—	—	31,324	8,574	—	—	8,574
725 County Jail Capital Expenditure Fund	14,945	—	—	14,945	3	—	—	3
727 1984 County Jail Capital Expenditure Fund	19,413	—	23,130	38,075	43,636	—	—	43,639
728 Recreation & Fish & Wildlife Enhancement Fund	2,399	—	5,075	24,488	4,751	—	—	4,753
729 Senior Center Bond Act Fund	22,807	—	—	22,807	1,682	—	—	1,682
730 State Coastal Conservancy Fund of 1984	4,123	—	—	4,123	12,219	—	—	12,219
731 California Alternative Energy Authority Fund	323	—	—	323	5,484	—	—	5,484
732 State Beach, Park, Recreational and Historical Facilities Fund	339	—	—	339	256	—	—	256
733 State Beach, Park, Recreational and Historical Facilities Fund of 1974	5,482	—	—	5,482	313	—	—	313
734 State Clean Water Fund	11,657	—	—	11,657	6,023	—	—	6,023
736 State Construction Program Fund	1,079	—	—	1,079	174	—	—	174
737 State Clean Water and Water Conservation Fund	23,696	—	—	23,696	935	—	—	935
739 State School Building Aid Fund	69,194	—	—	69,194	9,651	—	—	9,651
740 State Clean Water Bond Fund of 1984	38,450	—	—	38,450	45,216	—	—	45,216
742 State, Urban, and Coastal Park Fund	11,716	—	—	11,716	1,557	—	841	1,557
743 State School Building Lease-Purchase Fund	102,097	—	—	102,097	3,946	—	—	3,946
744 Water Conservation, Water Quality Bond Fund of 1986	50,978	—	—	50,978	—	—	55,498	55,501
746 1986 Prison Construction Fund	97,243	—	—	97,243	12,561	—	—	12,564
747 Prison Construction Fund, 1988	16,348	—	—	16,348	84,873	—	—	84,877
748 Fish and Wildlife Habitat Enhancement	—	—	—	—	108,677	—	—	108,680
776 School Facilities November 1988 Bond Act	2	—	—	2	4,588	—	—	4,621
781 New Prison Construction Revenue Fund	160,269	—	21,670	21,672	144	—	—	146
782 Higher Education Capital Outlay Bond Fund	—	—	—	160,269	23,561	—	—	23,563
785 Higher Education Capital Outlay Bond Fund, 1988	—	—	—	—	77,542	—	—	77,542
786 Wildlife, Coastal and Park Conservation Fund, 1988	—	—	—	—	93,387	—	—	93,387
787 Wildlife and Natural Areas Conservation Fund	—	—	—	—	113,654	—	—	113,654
788 California Earthquake Safety and Housing Rehabilitation	—	—	—	—	8,597	—	—	8,597
789 State School Building Lease-Purchase Bond Act, 1988	—	—	—	—	27,646	—	—	27,646
794 California Library Construction Revolving Fund	—	—	—	—	56,516	—	—	56,518
Retirement Funds					250	—	—	250
815 Judges' Retirement Fund	\$14	\$1,807	—	\$1,821	\$331	\$67	—	\$398
820 Legislators' Retirement Fund	419	53,619	—	54,038	226	54,762	—	54,988
821 Flexselect Benefit Fund	2	—	—	2	—	—	—	—
830 Public Employees' Retirement Fund	2	38,851,221	\$137	39,002,674	1	43,228,624	\$329	43,482,840
835 Teachers' Retirement Fund	60	22,007,601	362,157	22,369,818	60	25,319,701	366,557	25,686,318
TRUST AND AGENCY FUNDS—FEDERAL								
861 Public Health Federal Fund	\$5,158	—	—	\$5,158	\$2,576	—	—	\$2,576
862 State Child Care Facilities Fund	35,435	—	—	35,435	25,681	—	—	25,681
863 State Child Care Capital Outlay Fund	7,071	—	—	7,071	6,180	—	—	6,180
864 Lake Tahoe Assistance Fund	3,744	—	—	3,744	2,320	—	—	2,320
869 Consolidated Work Program Fund	592	—	—	592	514	—	—	514
870 Unemployment Administration Fund	2,215	—	—	2,215	1,510	—	—	1,510
871 Unemployment Fund	1,091	—	—	1,091	2,678	—	—	2,678
888 State Legalization Impact Assistance Fund	—	—	—	—	219	—	—	219
890 Federal Trust Fund	140,736	—	—	140,736	151,716	—	—	151,716
893 Offshore Energy Assistance Fund	2,641	—	—	2,641	2,567	—	—	2,567
894 Local Coastal Program Improvement Fund	8,910	—	—	8,910	5,907	—	—	5,907
Trust and Agency Funds—Other								
800 U.S. Olympic Committee Fund	296	—	—	296	218	—	—	218
803 State Children's Trust Fund	1	\$3,784	—	3,785	2	\$2,988	—	2,990
808 Computer Software Refund Fund	3	—	—	3	10	—	—	10
809 Export Finance Fund	2	3,224	—	3,226	1	—	—	1
810 County Health Facilities Financing Assistance Fund	2	3,220	—	3,222	2	4,438	420	4,439
								422

Schedule 11

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY—Continued

	June 30, 1988				June 30, 1989			
	Cash *	Securities *	Due from Surplus Money Investment Fund *	Totals *	Cash *	Securities *	Due from Surplus Money Investment Fund *	Totals *
811 Displaced Homemaker Emergency Loan Fund	1	—	1,026	1,027	2	—	886	888
812 Reader Employment Fund	14	—	—	14	38	—	—	38
813 Self-Help Housing Fund	2	—	3,616	3,618	2	—	2,798	2,800
816 Audit Repayment Trust Fund	397	—	—	397	788	—	—	788
817 Hazardous Substance Cleanup Financing Fund	47	—	—	47	8	—	—	8
823 California Alzheimer's Disease	443	—	—	443	889	—	—	889
824 California Export Promotion Account	7	—	—	7	120	—	—	120
826 Superfund Bond Trust Fund	2	—	13,950	13,952	1	—	16,116	16,117
828 Hazardous Waste Reduction Loan Guarantee Account	2,862	—	2,862	5,724	1	—	2,821	2,822
829 Milk Producers Security Trust Fund	1	—	2,446	2,447	1	—	6,962	6,963
829 Minority Health Professionals Education Fund	1	—	—	1	2	—	1,090	1,092
831 California State Lottery Education Fund	1	—	204	205	1,605	—	312	1,605
832 Employees' Dependent Care and Health Care Assistance Fund	1	—	—	1	66	—	—	66
838 California Maritime Academy Trust Fund	19	—	19	38	1	—	35,385	35,386
839 California State University Lottery Education Fund	1	—	19,890	19,891	1	—	2,268	2,269
843 California Housing Trust Fund	1	—	2,855	2,856	1	—	—	—
844 Farm Labor Housing Rehabilitation Loan Fund	1	—	1,521	1,522	2	—	2,575	2,577
844 California Motorcycle Safety Fund	1	—	2,483	2,484	—	—	—	—
845 Mental Health Primary Prevention Fund	2,449	—	—	2,449	3,344	—	—	3,344
846 Public Awards Fund	1	—	—	1	—	—	—	—
847 Asset Forfeiture Fund	1	—	158	159	—	—	—	—
853 Petroleum Violation Escrow Account	8	—	212,236	212,244	9	—	199,098	199,107
896 County Medical Services Program	1	—	20,825	20,826	1	—	15,087	15,088
899 County Health Account	2	—	3,941	3,943	1	—	3,299	3,300
900 Local Health Capital Expenditure Account	2	—	3,169	3,171	2	—	2,739	2,741
901 Medically Indigent Services Account	1	—	1,805	1,806	2	—	860	862
904 California Health Facilities Authority Fund	2	—	9,159	9,161	3	—	6,760	6,763
905 California Election Campaign Fund	186	—	—	186	152	—	152	152
907 California Public Broadcasting Fund	126	—	—	126	126	—	—	126
908 School Employees Fund	11	—	35,394	35,405	10	—	24,700	24,710
909 Community College Instructional Improvement Fund	939	—	—	939	999	—	—	999
910 Condemnation Deposits Fund	2	—	99,119	99,121	1	—	111,630	111,631
911 Educational Facilities Authority Fund	1	—	1,488	1,489	1	—	1,567	1,568
913 Industrial Relations Unpaid Wage Fund	201	—	—	201	191	—	—	191
914 Bay Fill Clean-Up and Abatement Fund	1	—	12	13	1	—	22	23
915 Deferred Compensation Plan Fund	1	—	172	173	4	—	327	327
916 Housing Insurance Fund	1	—	11,312	11,313	1	—	12,281	12,282
917 Inmates Welfare Fund	6	—	4,831	4,837	5	—	5,024	5,029
918 Small Business Expansion Fund	1	—	262	263	1	—	76	77
920 Litigation Deposit Fund	1	—	11,600	11,601	2	—	20,404	20,406
922 California Economic Development Grant and Loan Fund	1	—	6,940	6,941	2	—	6,601	6,603
923 Immunization Adverse Reaction Fund	23	—	—	23	23	—	—	23

* Dollars in thousands

Schedule 11

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY—Continued

	June 30, 1988		June 30, 1989		
	Cash *	Securities *	Due from Surplus Money Investment Fund *	Securities *	Due from Surplus Money Investment Fund *
924 Local Agency Investment Fund.....	4,969,309	-	-	4,969,309	-
927 Farmworker Housing Grant Fund.....	3,112	-	-	3,112	-
928 Forest Resources Improvement Fund.....	2	-	6,303	3,763	-
929 Housing Rehabilitation Loan Fund.....	2	-	22,870	6,305	10,070
930 Pollution Control Financing Authority Fund.....	21	34,323	16,592	50,936	12,573
931 Local Agency Indebtedness Fund.....	1,860	-	-	1,860	59,386
932 Homeownership Assistance Fund.....	1	-	2,432	1,854	1,854
933 Rental Housing Construction Incentive Fund.....	3	-	39,395	2,070	2,070
938 Nutrition Reserve Fund.....	757	-	-	34,502	34,508
939 Renewable Resources Investment Fund.....	2,891	-	-	1,089	1,089
940 Santa Monica Mountains Conservancy Fund.....	83	-	-	1,232	1,232
941 Special Deposit Fund.....	60,470	19	81,936	159	159
942 Land Bank Fund.....	1	-	1,959	57,474	106,546
943 Student Security Trust Fund.....	2	-	12	2,655	2,656
946 California State University and Colleges Special Project Fund.....	10	-	3,852	1	7
947 California State University and Colleges Trust Fund.....	10	-	31,140	11	4,615
948 State Employees Contingency Reserve Fund.....	7,183	1,385	-	30,653	30,663
950 State Guaranteed Loan Reserve Fund.....	21	-	113,245	102	1,677
951 State Park Contingent Fund.....	500	-	100	115,454	115,474
952 Student Loan Authority Fund.....	1	-	4,770	871	873
954 State Instructional Materials Fund.....	30,821	-	-	5,139	5,140
955 State School Site Utilization Fund.....	7,268	-	-	32,315	32,315
956 Foster Parent Training Fund.....	1,106	-	-	9,388	9,388
959 Student Tuition Recovery Fund.....	2	-	1,552	27	27
960 State School Deferred Maintenance Fund.....	-	-	-	1,736	1,737
961 Volunteer Firefighters Length of Service Award Fund.....	-	513	-	38	38
962 Teacher Tax Shelter Annuity Fund.....	30	16,829	-	597	597
963 Mediterranean Fruit Fly Claim.....	3,535	-	-	19,405	19,441
964 Unclaimed Property Fund.....	28,073	335	425	3,535	3,535
965 Mobilehome Recovery Fund.....	13,717	-	1,362	30,751	200
972 Asbestos Abatement Fund.....	665	-	-	1,532	1,533
974 Child Care Fund.....	103	-	3,759	5,851	5,851
980 Urban Redevelopment Loan Fund.....	2	-	126	489	489
981 California State World Trade Commission Fund.....	2	-	488	4,179	4,181
982 California Urban Waterfront Area Resource Financing Authority.....	385	-	7,630	96	96
983 California Seniors Fund.....	2	-	-	580	581
984 Rural Community Facility Grant.....	2	-	-	217	217
985 Emergency Housing and Assistance Fund.....	2	-	-	7,083	7,084
TOTALS, NONGOVERNMENTAL COST FUNDS.....	\$13,996,549	\$66,756,912	\$5,331,422	\$13,661,805	\$94,418,498
GOVERNMENTAL COST FUNDS					
General Fund.....	\$380,493	\$2,149	\$1,578,963	\$2,148	\$1,699,720
Special Funds.....	-	-	-	-	-
OTHER BALANCES					
Agency Bank Accounts.....	\$292,614	-	-	\$33,406	\$33,406
Uncleared Collections.....	1,329	-	-	3,166	3,166
Outstanding Warrants.....	553,161	-	-	689,314	689,314
Fiscal Agents.....	2,241,390	-	-	45,765	45,765
Pooled Money Investment Account.....	-13,732,368	\$13,732,368	-	\$13,955,158	-
Time Deposits in Banks.....	-437,100	437,100	-	583,795	-
TOTALS, ALL FUNDS.....	\$3,296,068	\$80,928,529	\$6,910,385	\$1,526,218	\$98,523,732

* Only includes funds with balances.

* Dollars in thousands

Schedule 12

**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION
OR OTHER STATUTES FOR THE FISCAL YEARS 1988-89, 1989-90, AND 1990-91**
(In thousands of dollars)

Purpose and Legal Citation AUTHORIZED BY CONSTITUTION	Actual 1988-89		Estimated 1989-90		Estimated 1990-91	
	General Fund	Special funds	General Fund	Special funds	General Fund	Special funds
	Total		Total		Total	
STATE OPERATIONS						
BUSINESS, TRANSPORTATION, AND HOUSING						
Statewide Distributed Costs						
General Obligation Bonds						
General Obligation Bonds (BT&H)	-4,343	-	569	-	569	-
RESOURCES						
Natural Resources						
General Obligation Bonds						
General Obligation Bonds (Resources)	-	-	-	-	-	-
General Obligation Bonds (Natural Resources)	139,213	-	149,430	-	167,904	-
Environmental Affairs						
General Obligation Bonds						
General Obligation Bonds (Environmental Affairs)	56,043	-	57,248	-	58,618	-
HEALTH AND WELFARE						
General Obligation Bonds						
General Obligation Bonds (H&W)	5,604	-	5,352	-	5,210	-
YOUTH AND ADULT CORRECTIONAL AGENCY						
General Obligation Bonds						
General Obligation Bonds (YACA)	151,031	-	183,083	-	231,397	-
EDUCATION						
K thru 12 Education						
General Obligation Bonds						
General Obligation Bonds (K-12 Education)	90,072	-	151,734	-	247,138	-
Community Colleges						
General Obligation Bonds						
General Obligation Bonds (Community Colleges)	15,898	-	20,157	-	27,170	-
Higher Education - Ue, CSU and Other						
General Obligation Bonds						
General Obligation Bonds (Higher Education-Other)	25,047	-	44,113	-	65,047	-
GENERAL GOVERNMENT						
Debt Service						
Bond Interest and Redemption						
Bond Interest and Redemption	513,496	-	643,623	-	831,648	-
Less Amounts Shown In Agency Totals	-513,496	-	-643,623	-	-831,648	-
Statewide Distributed Costs						
General Obligation Bonds						
General Obligation Bonds (General Government)	34,930	-	31,937	-	29,595	-
TOTALS, CONSTITUTIONAL REQUIREMENT	513,495	-	643,623	-	831,648	-

**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION
OR OTHER STATUTES FOR THE FISCAL YEARS 1988-89, 1989-90, AND 1990-91—Continued**

(In thousands of dollars)

Purpose and Legal Citation AUTHORIZED BY STATUTES	Actual 1988-89		Estimated 1989-90		Estimated 1990-91	
	General Fund	Total	General Fund	Special funds	General Fund	Special funds
STATE OPERATIONS						
LEGISLATIVE, JUDICIAL, AND EXECUTIVE						
Legislature						
Senate						
Government Code Section 9129	-	64,464	-	74,247	-	74,400
Less Transfer From General Fund	-	-63,844	-	-69,274	-	-74,400
Assembly						
Government Code Section 9129	-	96,384	-	105,180	-	114,077
Less Transfer From General Fund	-	-96,384	-	-105,180	-	-114,077
Contributions to Legislator Retire Fund						
Government Code Section 20751	137	137	151	-	156	-
Government Code Section 9358	944	944	1,074	-	1,125	-
Office of the Auditor General						
Government Code Section 10507	-	9,326	-	11,066	-	10,948
Less Transfer From General Fund	-	-9,326	-	-11,066	-	-10,948
Judicial						
Contributions to Judges Retirement Fund						
Government Code Section 75101	744	744	801	-	850	-
Executive/Covernor						
Office of Emergency Services						
Less Transfer from the General Fund	-	-	-	-5,000	-	-
Cov Code Sec 8690.4 (e) (for tsf to Oes						
Disas Adm Suppt Ac. Ch 1507/88	-	-	5,000	-	-	-
Government Code Section 8690.4						
(Chapter 1507/88)	-	217	-	1,927	-	1,583
Natural Disaster Assistance						
Government Code Section 8690.6 (a)	-	-	20,000	-	5,000	-
Executive/Constitutional Offices						
State Controller						
Government Code Sections 8690.2 and						
8690.4	-	1,394	-	-	-	-
State Board of Equalization						
Government Code Section 8690.6 (a)	-	-	1,581	-	-	-
Mortgage Bond & Tax Credit Alloc Commit						
Health and Safety Code Section 50195	-	93	-	-	-	-
STATE AND CONSUMER SERVICES						
Department of Consumer Affairs						
Board of Accountancy						
Business & Professions Code Article 10,						
Div 3, As Amended By Chapter 218/85	-	65	-	-	-	-
Certified Shorthand Reporters Board						
Business & Professions Code Sec 8030.2	-	346	-	303	-	300
Franchise Tax Board						
Military & Veterans Code Section 1306						
(Chapter 1193/87)	-	5	-	27	-	27
Revenue and Tax Code Sec 18839						
(Ch 613/87, Repealed Jan 1, 1992)	-	514	-	5,314	-	5,300
Total Dept of Central Services						
Government Code Section 16379	-	7,667	-	11,554	-	9,362

Schedule 12

**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION
OR OTHER STATUTES FOR THE FISCAL YEARS 1988-89, 1989-90, AND 1990-91—Continued**

(In thousands of dollars)

Purpose and Legal Citation	Actual 1988-89			Estimated 1989-90			Estimated 1990-91		
	General Fund	Special funds	Total	General Fund	Special funds	Total	General Fund	Special funds	Total
Vietnam Veterans Memorial Commission Military and Veterans Code Section 1306 (Ch 1042/83 as amended by Ch 731/87)	-	913	913	-	397	397	-	36	36
BUSINESS, TRANSPORTATION, AND HOUSING									
Business									
Department of Commerce									
Government Code Section 15373.2(E)	-	144	144	-	27	27	-	25	25
St Asst Fd Enterprise, Bus & Ind Dev Cor									
Loan Repayment per Financial Code Sec									
32520-32923	-	-	-	-	-874	-874	-	-124	-124
Transportation									
Dept of Transportation									
Government Code Section 8690.6	-	-	-	5,000	-	5,000	4,000	-	4,000
Statewide Distributed Costs									
Payment of Interest on Pmia Loans									
Payment of Interest on Pmia Loans									
(BT&H)	-	-	-	6	-	6	459	-	459
RESOURCES									
Natural Resources									
St Asst Energy, Ca Bus & Dev (thru 12/89)									
Loan Repayment Per Financial Code Sec									
32820-32823	-	-117	-117	-	-	-	-	-	-
Energy Resources Conservation & Dev Com									
Public Resources Code Section 25402.1	-	-	-	-	300	300	-	300	300
Contract Repayments Per Public									
Resources Code Section 25637	-	-	-	-	-10	-10	-	-10	-10
Loan Repayment per Public Resources Code									
Sec 25410-25421 (Schools & Hospitals)	-	-	-	-	-	-	-841	-	-841
Sec 25410-25421 (Streetslight Conversion) ..	-	-	-	-	-	-	-327	-	-327
Loan Repayment Per Public Resources Code									
Sec 25410-25421 (Schools & Hospitals)	-	-2,396	-2,396	-	-2,484	-2,484	-	-842	-842
Sec 25410-25421 (Streetslight Conversion) ..	-	-1,992	-1,992	-	-690	-690	-	-328	-328
Renewable Resources Investment Program									
Public Resources Code Section 3825									
(Transfer to Renewable Resources Inv)	-	1,919	1,919	-	1,766	1,766	-	1,766	1,766
Department of Conservation									
Public Resources Code Section 14580									
(Chapter 1290/86 & Chapter 1339/89)	-	57,197	57,197	-	54,239	54,239	-	65,239	65,239
(Chapter 1290/86)	-	76,241	76,241	-	118,432	118,432	-	172,601	172,601
Total Dept of Fish and Game									
Fish and Game Code Section 2762									
(Sunsets 1990/91)	-	1,098	1,098	-	-	-	-	-	-
Department of Water Resources									
Government Code Section 8683	-	182	182	-	-	-	-	-	-
Water Code Section 12938	-	1,178	1,178	-	1,492	1,492	-	1,888	1,888
Payment of Interest on Pmia Loans									
(Natural Resources)	15,700	-	15,700	12,537	-	12,537	13,091	-	13,091
Environmental Affairs									
Payment of Interest on Pmia Loans									
Payment of Interest on Pmia Loans									
(Environmental Affairs)	4,950	-	4,950	1,013	-	1,013	-	-	-
(Environmental Affairs)	-	-	-	-	-	-	1,018	-	1,018

Schedule 12

**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION
OR OTHER STATUTES FOR THE FISCAL YEARS 1988-89, 1989-90, AND 1990-91—Continued**

(In thousands of dollars)

Purpose and Legal Citation	Actual 1988-89			Estimated 1989-90			Estimated 1990-91		
	General Fund	Special funds	Total	General Fund	Special funds	Total	General Fund	Special funds	Total
HEALTH AND WELFARE									
Dept of Health Services									
Ch 1531/88 (Sunsets June 30, 1992)	-	65	65	-	1,935	1,935	-	-	-
Health & Safety Code Section 25330.5	-	139	139	-	608	608	-	1,932	1,932
(Toxics)	-	950	950	-	-	-	-	-	-
Health and Safety Code Section 25354	-	521	521	-	400	400	-	400	400
(81m annual reserve for emergencies)	-	-	-	-	-	-	-	-	-
Employment Development Dept	-	-	-	-	-	-	-	-	-
Unemployment Insurance Code Sec 1586	-	-	-	-	-	-	-	-	-
Dept of Social Services	-	-	-	-	-	-	-	-	-
Government Code Sec 8690.6	415	-	415	-	-	-	-	-	-
Ch 16/86, Sec 6(b)	-	-	-	-	-	-	-	-	-
Health & Safety Code Section 1569.18	-	-	-	-	32	32	-	23	23
(Chapter 434/89)	-	-	-	-	192	192	-	157	157
Health and Safety Code Sec. 1793	-	-	-	-	-	-	-	-	-
(Chapter 901, Statutes of 1987)	-	-	-	-	-	-	-	-	-
Welfare & Institutions Code Sec 13601	-	250	250	-	-	-	-	-	-
(Ch 14/89)	-	-	-	-	-	-	-	-	-
YOUTH AND ADULT CORRECTIONAL AGENCY									
Payment of Interest on Pnia Loans	9,150	-	9,150	-	-	-	-	-	-
Payment of Interest on Pnia Loans	-	-	-	-	-	-	-	-	-
(Youth & Adult Correctional)	-	-	-	-	-	-	-	-	-
EDUCATION									
K thru J2 Education									
Payment of Interest on Pnia Loans	15,900	-	15,900	-	-	-	-	-	-
Payment of Interest on Pnia Loans	-	-	-	-	-	-	-	-	-
(Education K-12)	-	-	-	-	-	-	-	-	-
Community Colleges									
Payment of Interest on Pnia Loans	1,021	-	1,021	-	-	-	-	-	-
Payment of Interest on Pnia Loans	-	-	-	-	-	-	-	-	-
(Community Colleges)	-	-	-	-	-	-	-	-	-
Higher Education - Uc, CSU and Other									
California State University	-	-	-	-	-	-	-	-	-
Less Transfer from General Fund	-	-1,079	-1,079	-	-3,086	-3,086	-	-	-
Government Code Sec 8690.6 (Ch 1x/87,	-	1,420	1,420	-	3,267	3,267	-	-	-
Sec 3) (Transfer from General Fund)	-	-	-	-	-	-	-	-	-
Government Code Sec 8690.6(a)	-	-	-	1,000	-	1,000	-	-	-
Earthquake Disaster Relief	-	-	-	-	-	-	-	-	-
Payment of Interest on Pnia Loans	9,179	-	9,179	-	-	-	-	-	-
Payment of Interest on Pnia Loans	-	-	-	-	-	-	-	-	-
(Higher Education-Other)	-	-	-	-	-	-	-	-	-
GENERAL GOVERNMENT									
General Administration									
Comm on Peace Officer Standards & Train	-	-	-	-	21	21	-	-	-
Penal Code Section 15004	-	63	63	-	-	-	-	-	-
Sunset 1/1/90 per Ch 157/87	-	-	-	-	-	-	-	-	-
Sunset 1/1/90 per Ch. 1099/88	-	-	-	-	-	-	-	-	-
California Exposition and Fairs	-	265	265	-	265	265	-	265	265
Business & Professions Code	-	-	-	-	-	-	-	-	-
Section 19622(A)	-	-	-	-	-	-	-	-	-
Total Dept of Food and Agriculture	-	37,445	37,445	-	43,899	43,899	-	44,472	44,472
Food & Agriculture Code Section 221	-	-	-	-	-	-	-	-	-

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**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION
OR OTHER STATUTES FOR THE FISCAL YEARS 1988-89, 1989-90, AND 1990-91—Continued**
(In thousands of dollars)

Purpose and Legal Citation	Actual 1988-89			Estimated 1989-90			Estimated 1990-91		
	General Fund	Special funds	Total	General Fund	Special funds	Total	General Fund	Special funds	Total
Food & Agricultural Code Section 226 (Ch 1346/86 Annual \$100,000 approp)	-	-	-	-	100	100	-	100	100
Food & Agriculture Code Sec 505 (Loan Repayments From Ethanol Fuel Loans)	-	-70	-70	-	-33	-33	-	-33	-33
Food & Agriculture Code Section 29032 (Chapter 1404, Statutes of 1987)	-	-	-	-	61	61	-	-	-
Food and Agriculture Code Section 58582 (Ch 932/86)	-	12	12	-	15	15	-	15	15
Fair Political Practices Commission Government Code Section 83122	2,742	-	2,742	2,919	-	2,919	2,972	-	2,972
Board of Control Government Code Section 13967	-	36,845	36,845	-	52,000	52,000	-	60,890	60,890
Government Code Section 139741 (Chapter 249/86)	-	-	-	-	2	2	-	2	2
Debt Service Payment of Interest on Pnia Loans Government Code Sec 16312 (Chapter 6/87) Less Amounts Shown In Agency Totals	55,900 -55,900	- -	55,900 -55,900	13,556 -13,556	- -	13,556 -13,556	14,568 -14,568	- -	14,568 -14,568
Payment of Interest on Gen Fund Loans Government Code Sections 17300-17313	175,232	-	175,232	169,909	-	169,909	189,909	-	189,909
Statewide Expenditures and Savings Statewide Gen. Adm Exp (Pro Rata) Government Code Section 13332.03	-	96	96	-	36	36	-	28	28
Govt Code Sec 11270-11275 & 22828.5 General Fund Credits From Special Funds	-112,387	-	-112,387	-118,720	-	-118,720	-152,706	-	-152,706
General Fund Credits From Federal Funds Government Code Sec 13332.02 General Fund Credits From Federal Funds	-22,223	-	-22,223	-27,544	-	-27,544	-29,040	-	-29,040
LOCAL ASSISTANCE									
LEGISLATIVE, JUDICIAL, AND EXECUTIVE									
Judicial									
Contributions to Judges Retirement Fund									
Government Code Section 75101	9,136	-	9,136	9,802	-	9,802	10,360	-	10,360
Executive/Governor									
Office of Emergency Services									
Government Code Sec 8690.4	-	422	422	-	-	-	-	-	-
Less Transfer from the General Fund	-	-	-	-	-100,000	-100,000	-	-	-
Gov Code Sec 8690.4 (3) (for tsf to Publ Fac & Loc Ag Disas Resp Ac, Ch 1507/88)	-	-	-	-	-	-	-	-	-
Government Code Sec 8589.16 (Chapter 1332/87)	-	54	54	-	-	-	-	-	-
Government Code Sec 8690.4 (Chapter 1507/88)	-	2,148	2,148	-	23,129	23,129	-	22,446	22,446
Government Code Section 8690.4 (Chapter 1507/88)	-	-	-	-	-	-	-	874	874
Government Code Sections 8690.2, 8690.4 & 8690.5	-	1,362	1,362	-	4,314	4,314	-	-	-
Natural Disaster Assistance Government Code Section 8690.4(e)	-	-	-	-	-	-	100,000	-	100,000
Government Code Section 16418(c) (Chapter 15 and 16/89, 1st Ex Session)	-	-	-	25,000	-	25,000	-	-	-

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**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION
OR OTHER STATUTES FOR THE FISCAL YEARS 1988-89, 1989-90, AND 1990-91—Continued**
(In thousands of dollars)

Purpose and Legal Citation	Actual 1988-89		Estimated 1989-90		Estimated 1990-91	
	General Fund	Special funds	General Fund	Special funds	General Fund	Special funds
Executive/Constitutional Offices						
Mortgage Bond & Tax Credit Alloc Commit						
Health and Safety Code Section 50195	-	17	-	-	-	-
Statewide Distributed Costs						
State Mandated Local Costs						
State-Mandated Local Costs (L/J/E)						
(Continuous Approp, Local Govt Portion)	-	112	-	733	-	-
BUSINESS, TRANSPORTATION, AND HOUSING						
Business						
Department of Commerce						
Government Code Section 15379.11(d)	-	-	-	6,580	-	9,330
Less transfer from General Fund	-	-	-	-8,310	-	-
Government Code Sec 15373.2(e) (Sunsets						
7-1-94 & reverts to Safco pr Ch 1109/89) ..	-	10,653	-	8,300	-	10,300
Loan repayment per Government Code						
Section 15373.2(b)	-	-	-	-24	-	-70
Transportation						
Dept of Transportation						
Less transfer from the General Fund	-	-540	-	-	-	-
Public Resources Code Section 21602	-	2,140	-	1,000	-	-
Public Resources Code Section 21602						
(Am'd by Chapter 901, Statutes of 1986)	-	-	-	-	-	1,000
Public Utilities Code Section 21680						
(Airport Acquisition/Development)	-	1,834	-	1,360	-	1,360
(Cities, Counties, Airport Districts)	-	970	-	960	-	960
RESOURCES						
Natural Resources						
Department of Water Resources						
Loan Repayments from Local Agencies						
(Water Code Sections 12937b & 12938)	-	-184	-	-145	-	-151
HEALTH AND WELFARE						
Total Dept of Mental Health						
Health & Safety Code Sec 11489						
(Ch 1492/88) (\$1.5 million limit)	-	64	-	-	-	-
State Mandated Local Costs						
Less Transfer from the General Fund	-	-500	-	-	-	-
State-Mandated Local Costs (H&W)	-	500	-	-	-	-
EDUCATION						
K thru 12 Education						
Department of Education						
Dept of Education—Headquarters						
Education Code Section 14002	-	12,066,306	-	12,898,591	-	13,700,873
Education Code Section 14035	-	55	-	-	-	-
Less Transfer From General Fund	-	-12,002,916	-	-12,858,196	-	-13,667,852
Contributions to Teachers Retire Fund						
Education Code Section 23400.4	-	-	-	-	53,000	-
Education Code Section 23401	252,960	252,960	296,316	266,316	277,634	277,634
Education Code Section 23402	160,000	160,000	180,000	180,000	200,000	200,000
School Facilities Aid Program						
Education Code Sec 17780(Proposition 98)						
(Transfer to School Deferred Maint Fd) ..	51,899	51,899	54,516	54,516	53,732	53,732
Education Code Section 16080						
(Abatement to General Fund)	-	1,910	-	1,910	-	1,910

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**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION
OR OTHER STATUTES FOR THE FISCAL YEARS 1988-89, 1989-90, AND 1990-91—Continued**

(In thousands of dollars)

Purpose and Legal Citation	Actual 1988-89		Estimated 1989-90		Estimated 1990-91	
	General Fund	Total	General Fund	Special funds	General Fund	Special funds
Education Code Section 17708 (Transfer from Bond Proceeds Account) ..	-	1,580,516	-	-	-	-
Education Code Sections 15903, 16403, 16504, 16804, 16804, 17006, et al	-53,809	-53,809	-56,426	-	-55,642	-
Education Code Sections 19700.745 and 19700.746—Loan Repayments from Schools	-	1,340	-	-1,376	-	-1,414
Less transfer from Bond Proceeds Account ..	-	-	-	-	-	-
St. School Building Lease-Purchase Fund ..	-	-1,600,000	-	-	-1,600,000	-
1990 School Facilities Bond Act ..	-	-	-	-	-	-
(Transfer from Bond Proceeds Account) ..	-	-	-	-	-	-
Community Colleges	-	-	-	-	-	-
Bd of Governors of Calif Comm Colleges	-	-	-	-	-	-
Less Transfer from General Fund	-	-1,312,190	-	-1,484,481	-	-1,648
Article 9, Sec 6, Education Code Part 50 ..	-	1,312,190	-	1,484,481	-	1,648
Chapter 4.5 and Chapter 323/76	-	-	-	-	-	-
Education Code Section 12320	-	2,006	-	2,100	-	2,080
(Federal Oil & Mineral Revenue)	-	-	-	-	-	-
GENERAL GOVERNMENT	-	-	-	-	-	-
General Administration	-	-	-	-	-	-
Total Dept of Food and Agriculture	-	-	-	-	-	-
Business & Professions Code Sec 19622(d)	-	-	-	175	-	175
Business & Professions Code Sec 19596.6e	-	-	-	734	-	817
Business & Professions Code Sec 19627.1 ..	-	-	-	3,540	-	3,540
Business & Professions Code	-	-	-	-	-	-
Section 19630	-	3,164	-	-	-	-
Business & Professions Code	-	-	-	-	-	-
Section 12539	-	44	-	45	-	45
Section 19596.5 (f)	-	8,352	-	-	-	16,020
Section 19596.5 (h)	-	1,059	-	-	-	1,693
Section 19627.2	-	-	-	750	-	462
Section 19627.3	-	20	-	1,556	-	1,556
Section 19630	-	-	-	1,319	-	-
Business & Professions Code Sec 19622(b)	-	250	-	250	-	250
(L.A. County Fair)	-	-	-	-	-	-
Business & Professions Code Sec 19622(c)	-	250	-	250	-	250
(District I-A Agricultural Assoc)	-	150	-	150	-	150
Business & Professions Code Sec 19626 ..	-	-	-	-	-	-
(Citrus Fruit Fairs)	-	-	-	-	-	-
Business & Professions Code Sec 19627 ..	-	5,810	-	6,460	-	6,460
(District Agricul Assoc & County Fair)	-	-	-	-	-	-
Business & Professions Code Section	-	395	-	-	-	-
19627.2 (Judging & Exhibits)	-	-	-	-	-	-
Business and Professions Code	-	-	-	-	-	-
Section 19596.5 (f)	-	-	-	13,030	-	-
Section 19596.5 (h)	-	-	-	2,128	-	-
Food and Agriculture Code Section	-	4,451	-	5,100	-	7,618
224(C)	-	-	-	-	-	-
Food and Agriculture Code Section 12844 ..	-	5,360	-	5,294	-	5,294
(Pesticide Mill Tax)	-	-	-	-	-	-
Commission on State Mandates	-	-	-	-	-	-
Government Code Section 17614	-	612	-	733	-	-
Less amount shown in agency totals	-	-112	-	-733	-	-
Less Transfer from General Fund	-	-500	-	-	-	-

Schedule 12

**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION
OR OTHER STATUTES FOR THE FISCAL YEARS 1988-89, 1989-90, AND 1990-91—Continued**

(In thousands of dollars)

Purpose and Legal Citation	Actual 1988-89		Estimated 1989-90		Estimated 1990-91	
	General Fund	Special funds	General Fund	Special funds	General Fund	Special funds
Local Government Aid						
Local Government Financing						
Government Code Sec 16111(A)	45,762	-	40,800	-	26,975	-
Government Code Sec 8690.6	2,700	-	-	-	-	-
Shared Revenues						
Apportionment Hwy Prop Rental Receipts						
Streets & Highways Code Sections 104.6 & 104.10	-	3,331	-	3,400	-	3,400
Apportionment Off Highway License Fees						
Vehicle Code Sections 38230 & 38240	-	739	-	841	-	841
Apportionment of Trailer Coach Fees						
Health & Safety Code Section 18078	-	10,014	-	9,889	-	9,451
Apportionment Motor Vehicle License Fee						
Revenue & Taxation Code Section 11005 ..	-	1,898,381	-	2,051,877	-	2,195,669
Apportionment Cigarette Tax						
Revenue & Taxation Code Section 30462 ..	-	68,603	-	64,802	-	55,794
Apportionment Tideland Revenues						
Public Resources Code Section 6817	226	-	300	-	300	-
Apportionment for County Roads						
Streets & Highways Code Section 2104	-	283,742	-	285,969	-	292,564
Apportionment for City Streets						
Streets & Highways Code Sections 2107 & 2107.5	-	207,224	-	209,544	-	212,412
Apportionment County Road & City Street						
Streets & Highways Code Section 2106	-	129,637	-	130,111	-	132,292
Apportionment of Geothermal Res Develop						
Public Resources Code Section 3821	-	2,558	-	2,354	-	2,354
Statewide Expenditures and Savings						
St-Oakland Bay Bridge & I-880 Disast Fnd	-	-	-	-30,000	-	-
Less Transfer from the General Fund	-	-	-	30,000	-	-
Government Code Sec 997.5 (Ch 22x/89)	-	-	-	-	-	-
(Transfer from the General Fund)	-	-	-	-	-	-
CAPITAL OUTLAY						
RESOURCES						
Natural Resources						
Department of Water Resources						
Water Code Section 12938	-	-	-	32,800	-	-
GENERAL GOVERNMENT						
Statewide Expenditures and Savings						
Unallocated Capital Outlay						
Allocation Per Cov Code Sec 16409 and	-	-	-	-	255	-
Reversions Per Cov Code Sec 16408	-	-	-	-	-	-
Interest expense on General Fund Loan	-	-	-	546	-	-
per Cov. Code Sec 16351	-	-	-	-	-	-

Appendix 58

(In thousands of dollars)

<i>Purpose and Legal Citation</i>	<i>Actual 1988-89 Special funds</i>	<i>Total</i>	<i>General Fund</i>	<i>Estimated 1989-90 Special funds</i>	<i>Total</i>	<i>General Fund</i>	<i>Estimated 1990-91 Special funds</i>	<i>Total</i>
UNCLASSIFIED								
RESOURCES								
Natural Resources								
Dept of Boating & Waterways								
Revenue & Taxation Code Sec 8352(G) (Transfer From Motor Vehicle Account) --	14,773	14,773	--	14,000	14,000	--	14,000	14,000
TOTALS, STATUTORY AUTHORIZATIONS	570,378	3,506,484	695,035	3,119,337	3,814,372	702,280	3,399,175	4,101,455
TOTAL AUTHORIZED BY CONSTITUTION AND STATUTE	1,083,873	2,936,106	1,338,658	3,119,337	4,457,995	1,533,928	3,399,175	4,933,103
TOTAL BUDGET ACT AND OTHER AUTHORIZA- TIONS	34,813,425	3,286,786	38,731,264	4,642,259	43,373,523	41,078,808	4,512,474	45,591,282
TOTALS, ALL AUTHORIZATIONS	35,897,296	6,222,892	40,069,922	7,761,596	47,831,518	42,612,736	7,911,649	50,524,385

Schedule 13
STATEMENT OF BONDED DEBT OF THE STATE OF CALIFORNIA AS OF DECEMBER 31, 1989
GENERAL OBLIGATION BONDS

(This statement does not include bonds issued under authority of State instrumentalities
that are not general obligations of the State of California)

(Dollars in thousands)

Name of issue		Maturity	Authorized *	Unsold *	Redemptions *	Outstanding *
GENERAL FUND BONDS						
788	California Earthquake Safety and Housing Rehabilitation Bond Act of 1988.....	—	\$150,000	\$150,000	—	—
794	California Library Construction and Renovation Bond Act of 1988.....	—	75,000	75,000	—	—
722	California Park and Recreation Facilities Act of 1984.....	1985–2009	370,000	198,000	\$18,500	\$153,500
721	California Parklands Bond Act of 1980.....	1982–2006	285,000	45,000	92,950	147,050
707	California Safe Drinking Water Bond Law of 1976.....	1981–2012	175,000	15,000	39,115	120,885
707	California Safe Drinking Water Bond Law of 1984.....	1986–2005	75,000	55,000	4,000	16,000
707	California Safe Drinking Water Bond Law of 1986.....	—	100,000	100,000	—	—
793	California Safe Drinking Water Bond Act of 1988.....	—	75,000	75,000	—	—
786	California Wildlife, Coastal, and Park Land Conservation Bond Act of 1988.....	—	776,000	719,000	—	—
737	Clean Water and Water Conservation Bond Law of 1978.....	1981–2009	375,000	37,000	122,300	215,700
764	Clean Water and Water Reclamation Bond Law of 1988.....	—	65,000	65,000	—	—
734	Clean Water Bond Law of 1970.....	1972–1997	250,000	10,000	184,000	56,000
734	Clean Water Bond Law of 1974.....	1978–2000	250,000	20,000	122,850	107,150
740	Clean Water Bond Law of 1974.....	1986–2009	325,000	269,000	6,000	50,000
716	Community College Construction Bond Act of 1972.....	1974–1997	160,000	—	115,250	44,750
711	Community Parklands Acts of 1986.....	1990–2009	100,000	85,000	—	15,000
796	County Correctional Facility Capital Expenditure Bond Act of 1986.....	1989–2009	495,000	415,000	1,500	78,500
725	County Jail Capital Expenditure Bond Act of 1981.....	—	500,000	500,000	—	—
727	County Jail Capital Expenditure Bond Act of 1984.....	1984–2009	280,000	37,000	37,125	205,875
513	First-Time Homebuyers Bond Act of 1982.....	1986–2009	250,000	—	28,000	222,000
748	Fish and Wildlife Habitat Enhancement Act of 1984.....	1988–1999	200,000	185,000	9,370	5,630
740	Hazardous Substance Cleanup Bond Act of 1984.....	1986–2009	85,000	45,000	6,000	34,000
718	Health Science Facilities Bond Act of 1971.....	1986–2009	100,000	50,000	10,000	40,000
782	Higher Education Facilities Bond Act of 1986.....	1974–1998	155,900	—	97,495	58,405
785	Higher Education Facilities Bond Act of 1988.....	1989–2009	400,000	129,000	5,500	265,500
714	Housing and Homeless Bond Act of 1988.....	1990–2009	600,000	572,000	—	28,000
720	Junior College Construction Bond Act of 1968.....	—	300,000	300,000	—	—
723	Lake Tahoe Acquisitions Bond Act.....	1970–1991	65,000	—	61,000	4,000
724	New Prison Construction Bond Act of 1981.....	1986–2006	85,000	55,000	5,000	25,000
746	New Prison Construction Bond Act of 1984.....	1983–2006	495,000	—	121,750	373,250
747	New Prison Construction Bond Act of 1986.....	1985–2006	300,000	—	57,500	242,500
728	New Prison Construction Bond Act of 1988.....	1989–2009	500,000	252,000	8,000	240,000
776	Recreation and Fish and Wildlife Enhancement Bond Act of 1970.....	—	817,000	817,000	—	—
789	School Facilities Bond Act (November).....	1972–1995	60,000	—	47,500	12,500
729	School Facilities Bond Act of 1988 (June).....	—	800,000	800,000	—	—
	Senior Center Bond Act of 1984.....	1990–2009	800,000	632,000	—	168,000
		1986–2006	50,000	—	7,750	42,250

STATEMENT OF BONDED DEBT OF THE STATE OF CALIFORNIA AS OF DECEMBER 31, 1989—Continued
GENERAL OBLIGATION BONDS

(This statement does not include bonds issued under authority of State instrumentalities
that are not general obligations of the State of California)
(Dollars in thousands)

<i>Name of issue</i>	<i>Maturity</i>	<i>Authorized *</i>	<i>Unsold *</i>	<i>Redemptions *</i>	<i>Outstanding *</i>
GENERAL FUND BONDS—Continued					
733 State Beach, Park, Recreational and Historical Facilities.....	1967–2003	400,000	—	286,575	113,425
736 State Construction Program Bonds.....	1959–1994	1,050,000	—	991,000	59,000
782 State Higher Education Construction Program Bond Act of 1966.....	1968–1993	230,000	—	201,060	28,940
743 State School Building Lease-Purchase Bond Law of 1982.....	1985–2005	500,000	—	154,825	345,175
743 State School Building Lease-Purchase Bond Law of 1984.....	1987–2009	450,000	63,000	37,500	349,500
743 State School Building Lease-Purchase Bond Law of 1986.....	1990–2009	800,000	398,000	—	402,000
742 State, Urban and Coastal Park Bond Act of 1976.....	1978–2005	280,000	25,000	126,425	128,575
744 Water Conservation and Water Quality Bond Law of 1986.....	—	150,000	149,200	—	800
790 Water Conservation Bond Law of 1988.....	—	60,000	60,000	—	—
Totals, General Fund Bonds.....		\$14,863,900	\$7,402,200	\$3,005,840	\$4,455,860
PARTIALLY SELF-LIQUIDATING BONDS ¹					
State School Building Bonds.....	1955–2001	\$2,140,000	\$40,000	\$1,851,765	\$248,235
SELF-LIQUIDATING BONDS ²					
California Water Resources Development Bond Act of 1959.....	1973–2022	\$1,750,000	\$180,000	\$275,200	\$1,294,800
HARBOR BONDS					
Harbor Development Bond Law of 1958 ³	1964–1998	\$60,000	—	\$51,485	\$8,515
VETERANS FARM AND HOME BUILDING BONDS					
Veterans Bonds.....	1958–2019	\$6,460,000	\$635,000	\$2,646,545	\$3,178,455
Totals, Self-Liquidating Bonds.....		\$10,410,000	\$855,000	\$4,824,995	\$4,730,005
TOTALS, ALL GENERAL OBLIGATION BONDS		\$25,273,900	\$8,257,200	\$7,830,835	\$9,185,865

¹ The state school building issues debt service payments are partially refinanced with funds of the borrowing school districts over a 30- to 40-year repayment period as prescribed by statutes.

² The California Water Resource Development Bond Act, the San Francisco Harbor Improvement Acts, and the Veterans Bond Acts are public service enterprises that have their own revenues to finance their respective debt service expenditures.

³ The Harbor Development Bond Law of 1958 includes an authorization of \$50,000,000 for the development of small craft harbors as provided by Chapter 103, Statutes of 1958, First Extraordinary Session.

* Dollars in thousands

Schedule 14-A
STATE APPROPRIATIONS LIMIT
REVENUES TO EXCLUDED FUNDS
(In Thousands)

<i>Source Code</i>	<i>Source</i>	<i>Actual 1988-89</i>	<i>Estimated 1989-90</i>	<i>Estimated 1990-91</i>
110500	Cigarette Tax	\$328,729	\$576,000	\$561,000
110900	Horse Racing Fees-Licenses.....	\$12,155	13,280	15,100
120200	General Fish and Game Taxes.....	2,311	1,888	1,676
120300	Electrical Energy Tax.....	38,257	39,087	39,935
120600	Quarterly Public Utility Comm Fees.....	55,824	53,444	55,284
120700	Penalties on Public Utility Comm Qtrly Fees.....	377	295	300
120900	Off-Highway Vehicle Fees.....	1,106	1,213	1,213
121100	Genetic Disease Testing Fees.....	22,002	26,046	27,925
121200	Other Regulatory Taxes.....	34,604	39,992	40,618
121300	New Motor Vehicle Dealer License Fee	837	895	850
121500	General Fish and Game License Tags Permits	56,879	61,423	65,273
122400	Elevator and Boiler Inspection Fees.....	5,773	6,519	6,586
122700	Employment Agency License Fees.....	64	236	236
122900	Teacher Credential Fees.....	6,505	6,525	5,820
123000	Teacher Examination Fees.....	2,528	3,010	3,010
123100	Insurance Company License Fees & Penalties	26,245	26,993	29,862
123200	Insurance Company Examination Fees	8,216	23,216	26,478
123300	Other Insurance Department Fees.....	3,129	3,222	3,314
123400	Division of Real Estate Examination Fees.....	2,954	3,249	3,379
123500	Division of Real Estate License Fees.....	13,797	17,246	15,004
123600	Subdivision Filing Fees.....	5,798	6,088	6,378
123800	Building Construction Filing Fees	1,435	885	515
123900	Savings and Loan Licenses	7,863	7,748	6,579
124000	Savings and Loan Fees.....	156	160	160
125100	Beverage Container Redemption Fees.....	130,291	188,000	256,000
125400	Hazardous Waste Control Fees.....	52,769	45,004	47,729
125600	Other Regulatory Fees.....	34,100	71,472	133,038
125700	Other Regulatory Licenses and Permits.....	109,461	122,149	136,197
125800	Renewal Fees.....	59,823	71,224	73,126
125900	Delinquent Fees.....	1,297	4,248	4,431
130600	Architecture Public Building Fees	23,508	28,393	29,538
130700	Penalties on Traffic Violations	107,045	113,536	121,372
130800	Penalties on Felony Convictions	26,388	27,500	28,800
130900	Fines-Crimes of Public Offense	495	500	500
131000	Fish and Game Violation Fines	710	630	630
131100	Penalty Assessments on Fish and Game Fines	526	556	596
131200	Interest on Loans to Local Agencies.....	444	459	539
131600	Fingerprint ID Card Fees	13,912	14,822	20,467
131700	Miscellaneous Revenue from Local Agencies.....	33	110	110
140600	State Beach and Park Service Fees	38,730	39,208	39,942
140900	Parking Lot Revenues	3,127	4,555	5,301
141200	Sales of Documents.....	1,889	1,954	1,936
142200	Parental Fees	2,968	2,400	2,700
142500	Miscellaneous Services to the Public	4,830	8,543	8,731
143000	Personalized License Plates.....	28,878	29,431	30,529
150200	Income from Pooled Money Investments	1,047	1,923	1,182
150300	Income from Surplus Money Investments	50,220	75,786	61,738
150400	Interest Income from Loans	3,165	1,170	1,655
150600	Income from Other Investments	26	5	4
151200	Income from Condemnation Deposits Fund.....	10	4	4
151800	Federal Land Royalties	22,766	21,484	21,346
152200	Rentals of State Property.....	180	195	195
152300	Miscellaneous Revenue from Use of Property & Money.....	7,310	7,342	7,415
152400	School Land Royalties.....	1,523	20	20
152500	State Land Royalties.....	89,546	77,282	62,885
160200	Penalties and Interest on UI and DI Contribution.....	51,876	54,970	59,334
160400	Sale of Fixed Assets.....	32	-	-
160500	Sale of Confiscated Property.....	464	2,550	2,550
160600	Sale of State's Public Lands.....	3,683	500	200
161000	Escheat of Unclaimed Checks and Warrants	339	330	334
161400	Miscellaneous Revenue.....	15,367	28,089	31,368
161800	Penalties and Interest on Personal Income Tax.....	18,481	18,481	20,234
161900	Other Revenue—Cost Recoveries.....	781	-	-
164100	Traffic Violations.....	4,211	5,200	5,075
164300	Penalty Assessments	35,328	40,118	41,735
164400	Civil and Criminal Violation Assessment.....	3,607	3,603	3,603
	TOTALS	\$1,588,730	\$2,032,406	\$2,179,584

Schedule 14-B
STATE APPROPRIATIONS LIMIT
NON-TAX REVENUES IN FUNDS SUBJECT TO LIMIT
(In Thousands)

Revenue	1988-89		1989-90		1990-91	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
California State University Fees.....	\$304,605	—	\$321,813	—	\$341,782	—
Candidate Filing Fee.....	4	—	—	—	—	—
Civil and Criminal Violation Assessment.....	92	\$171	82	—	96	—
County Costs—Mentally Ill Patients.....	26,201	—	26,000	—	28,000	—
Domestic Corporation Fees.....	3,961	—	5,193	—	6,374	—
Driver's License Fees.....	—	71,527	—	\$74,000	—	\$84,628
Elevator and Boiler Inspection Fees.....	88	—	88	—	88	—
Employment Agency Filing Fees.....	68	—	68	—	68	—
Employment Agency License Fees.....	352	27	352	27	352	27
Escheat of Unclaimed Checks and Warrants.....	2,148	489	2,488	—	2,688	—
Explosive Permit Fees.....	5	—	5	—	5	—
Filing Financing Statements.....	2,159	—	2,332	—	2,519	—
Fire Prevention and Suppression.....	593	—	500	—	500	—
Foreign Corporation Fees.....	2,148	—	2,109	—	2,143	—
Forestry & Fire Protect Nursery Sales.....	299	—	310	—	310	—
General Fees—Secretary of State.....	7,429	—	7,519	—	7,894	—
Guardianship Fees.....	37	—	42	—	40	—
Horse Racing Fees—Unclaimed Tickets.....	462	—	470	—	480	—
Horse Racing Fines and Penalties.....	107	—	110	—	365	—
Highway Carrier Uniform Business License Tax.....	5,073	—	4,500	—	4,500	—
Identification Card Fees.....	—	8,371	—	9,000	—	9,500
Income from Other Investments.....	—	—	—	—	389	—
Income from Surplus Money Investments.....	—	71	—	77	—	77
Industrial Homework Fees.....	11	—	11	—	11	—
Interest on Loans to Local Agencies.....	—	835	—	1,000	—	1,000
Liquor License Fees.....	32,826	—	32,854	—	33,405	—
Medicare Receipts from Fed Govt (Abol 7/1/87).....	11,221	—	9,100	—	9,100	—
Miscellaneous Revenue from Use of Property and Money.....	2,614	35,778	2,548	39,074	2,548	39,228
Miscellaneous Revenue.....	2,277	1,882	1,069	7,061	1,084	6,791
Miscellaneous Revenue from Local Agencies.....	669	3,177	674	3,200	674	3,500
Miscellaneous Services to the Public.....	7,045	26,863	7,245	42,500	21,152	68,500
Narcotic Fines.....	2,771	—	2,442	—	2,442	—
Notary Public License Fees.....	753	—	791	—	800	—
Off-Highway Vehicle Fees.....	—	2,110	—	2,100	—	2,000
Oil and Gas Lease—1% Revenue City/County.....	256	—	300	—	300	—
Open Space Cancellation Fee Deferred Taxes.....	—	1,110	—	1,110	—	1,110
Other Motor Vehicle Fees.....	—	737	—	809	—	809
Other Regulatory Fees.....	3,932	1,168	4,102	32,962	4,628	30,939
Other Regulatory Licenses and Permits.....	35,114	8,075	34,618	7,200	39,946	7,223
Other Regulatory Taxes.....	8,181	11,209	8,794	32,000	9,042	15,500
Other Revenues—Cost Recoveries.....	—	1,296	—	3,400	—	—
Parking Lot Revenues.....	727	157	727	—	727	—
Parking Violations.....	1	—	1	—	1	—
Pay Patients Board Charges.....	39,470	—	28,570	—	29,723	—
Penalties on Traffic Violations.....	—	4,613	—	—	—	—
Penalty Assessments.....	3,530	2,281	3,744	1,183	3,940	1,183
Proceeds from Estates of Deceased Person.....	2,898	—	2,695	—	2,650	—
Receipts from Health Care Dep Fd (Abol 7/83).....	39,755	—	17,827	—	17,500	—
Rentals of State Property.....	5,634	35,236	5,054	36,706	5,039	39,733
Revenue—Abandoned Property.....	65,599	—	208,600	—	81,000	—
Sale of Confiscated Property.....	5	—	5	—	5	—
Sale of Fixed Assets.....	4,201	96	2,209	—	2,172	—
Sale of State's Public Lands.....	101	—	49	—	72,345	—
Sales of Documents.....	383	972	339	820	345	920
School Land Royalties.....	—	—	1,875	—	1,970	—
State Land Royalties.....	25,714	—	58,498	—	54,915	—
Uninsured Motorist Fees.....	4,407	1,363	4,400	—	4,400	—
Revenue Anticipation Note Interest.....	225,000	—	210,000	—	240,000	—
TOTALS.....	\$880,926	\$219,614	\$1,023,122	\$294,229	\$1,040,457	\$312,668

Schedule 14-C
STATE APPROPRIATIONS LIMIT
TRANSFERS FROM EXCLUDED FUNDS TO INCLUDED FUNDS
(In Thousands)

	<i>Actual</i> <i>1988-89</i>		<i>Estimated</i> <i>1989-90</i>		<i>Estimated</i> <i>1990-91</i>	
	<i>General Fund</i>	<i>Special Fund</i>	<i>General Fund</i>	<i>Special Fund</i>	<i>General Fund</i>	<i>Special Fund</i>
Fingerprint Fees Account to General Fund (Item 0820-011-017, Budget Acts of 1988 and 1989)	\$1,000	—	\$335	—	—	—
Energy Resources Surcharge Fund to Energy Resources Programs Account (Revenue and Taxation Code Section 40031)	—	\$38,257	—	\$39,087	—	\$39,935
Satellite Wagering Account to General Fund (Business and Professions Code Section 19596.6)	—	—	1,470	—	\$2,898	—
Vehicle Inspection and Repair Fund to General Fund (Item 1150-008-421, Budget Act of 1989)	10,000	—	—	—	—	—
Public Utilities Commission Utilities Reimbursement Account to Energy Resources Programs Account (Chapter 323, Statutes of 1983)	—	—	—	3,000	—	3,000
Garment Manufacturers' Special Account to General Fund (Labor Code Section 2682)	186	—	186	—	186	—
Contractors' License Fund to General Fund (1990-91 Budget Bill)	—	—	20,000	—	—	—
TOTALS	\$11,186	\$38,257	\$21,991	\$42,087	\$3,084	\$42,935

Schedule 14-D
STATE APPROPRIATIONS LIMIT
EXCLUDED APPROPRIATIONS
(In Millions)

<i>Budget</i>	<i>Fund</i>	<i>Actual 1988-89</i>	<i>Estimated 1989-90</i>	<i>Estimated 1990-91</i>
DEBT SERVICE:				
9600 Bond Interest and Redemption	General	\$526	\$644	\$832
	General	56	14	15
4260 Ch. 376/84 Toxics	Hazardous Substance Account	5	5	5
Total Debt Service		\$587	\$663	\$852
SUBVENTIONS:				
6100 K-12 Apportionments	General	\$8,377	\$8,997	\$9,782
6100 County Offices	General	119	130	143
6870 Community Colleges	General	1,241	1,385	1,496
Subventions—Education		\$9,737	\$10,512	\$11,421
9100 Tax Relief	General	\$370	\$381	\$387
Renter's Credit	General	251	261	266
9210 Local Government Financing	General	1	—	—
	General	15	15	15
	General	46	41	27
	General	5	10	—
9350 Shared Revenues:	Mobilehome License Fee	10	10	9
	Motor Vehicle License Fee	1,898	2,052	2,196
	Cigarette Tax	69	65	56
Subventions—Other		\$2,665	\$2,835	\$2,956
MANDATES:				
4260 Catastrophic Care*	General	—	\$33	\$164
6100 K-12 Desegregation	General	\$389	437	488
K-12 Medicare	General	45	45	45
6300 Contribution to STRS	General	253	266	277
	General	160	180	200
6870 Community Colleges Medicare	General	5	5	5
Total Mandates		\$852	\$966	\$1,179
TOTAL EXCLUSION:		\$13,841	\$14,976	\$16,408
<i>General Fund</i>		<i>11,859</i>	<i>12,844</i>	<i>14,142</i>
<i>Special Funds</i>		<i>1,982</i>	<i>2,132</i>	<i>2,266</i>

* Federal mandate resulting from the Medicare Catastrophic Coverage Act of 1988, Title III.

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